AFRICA RECOVERY

DECEMBER 1991 VOLUME 5 NUMBER 4

New Africa agenda adopted at the UN

By Salim Lone

The international community on 18 December renewed the special commitment it made to Africa five years ago at a UN Special Session by entering into a "new and stronger accord" —the UN New Agenda for the Development of Africa in the 1990s — which spells out clearly the actions the richer countries are willing to undertake in support of the continent. Acknowledging the efforts and sacrifices African countries are making as they press on with painful economic and political reforms, the international community also accepted that these efforts were being hampered by "external impediments" originating from outside of Africa, which they committed themselves to "reducing, if not entirely eliminating."

Because of its particularly disadvantaged position in the world economy, especially since the mid-1970s, Africa is the only world region accorded such exclusive focus and attention by the United Nations. This focus will be particularly important in the 1990s, since a growing number of Africans feel that the major donors will be preoccupied with developments in regions which are of more strategic concern to them.

Speaking on behalf of Africa at the conclusion of protracted, three-month-long negotiations that preceded the Agenda's adoption by consensus, Ghana's Ambassador Kofi Awoonor told the General Assembly that while the New Agenda was short on concrete promises, it nevertheless ensured that Africa would be a major concern for the international community. "It represents the international community's collective effort to put Africa back on the global agenda and to launch a meaningful programme of economic development" he said.

Mr. Edward Marks of the United States — which had objected to some provisions contained in the draft New Agenda and negotiated new language on debt relief measures — told the Assembly that the US had wanted the

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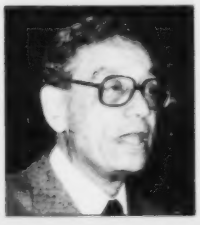
Norwegian Ambassador Martin Huslid, chairman of the UN session which produced the "New Agenda," and Mr. M.A. Akpobasah of Nigeria, who headed Africa's negotiating team, congratulate each other at the conclusion of the session.

Boutros Ghali takes over as UN Secretary-General



Pledging to work towards finding ways to "narrow the gap between the rich North and the poor South," Egyptian Deputy Prime Minister Boutros Boutros Ghali was sworn in as the sixth UN Secretary-General at a ceremony at UN Headquarters in New York on 3 December. Speaking to the UN General Assembly, Mr. Boutros Ghali addressed a major concern of African countries, when he declared that tackling the "crippling problem" of debt was "central to achieving a healthy world economy."

Mr. Boutros Ghali emerged as the unanimous choice of the UN Security Council — which recommends the Secretary-General appointment to the General Assembly — after a series of close votes between him, Zimbabwe's Finance Minister Bernard Chidzero and a number of other African candidates. Following their Summit in June, the OAU had submitted a list of candidates for the post.

Mr. Boutros Ghali assumes office on 1 January on the retirement after ten years of Mr. Javier Pérez de Cuéllar, who declined a third term. In his address, Mr. Boutros Ghali stressed the importance of the UN's role in ensuring world peace and in strengthening fundamental freedoms and democratic institutions, including at the international level. "The democratization of international relations should complete and amplify the democratization of national institutions," he said. And he warned that UN efforts to promote democracy "must not become a means of intervention in the internal affairs of member states."

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DEVELOPMENT NEEDS STRESSED

Africa seeks aid for environment

By Ernest Harsch

Africa needs "effective" international cooperation if it is to tackle the severe environmental challenges that confront the continent, declared African ministers of environment and development, at a 13-14 November meeting in Abidjan, Côte d'Ivoire. At the same time, despite Africa's own limited resources, the ministers declared that they were ready to play their part in helping to protect the global environment.

The conference, which drew ministers, senior officials and experts from 45 African countries, as well as representatives of African regional institutions and non-governmental organizations (NGOs), issued an "African Common Position on Environment and Development." The Common Position will be presented to the June 1992 UN Conference on Environment and Development (UNCED) in Rio de Janeiro, Brazil.

African environmental and developmental concerns, like those of other developing regions, will feature prominently in the discussions and decisions of the 1992 "Earth Summit" in Rio. Mr. Maurice Strong, UNCED Secretary-General, told the Abidjan meeting, "Africa," he emphasized, "is paying a very heavy price for the current economic and environmental upheavals and is bearing the full brunt of their consequences, which are among the most tragic and devastating anywhere" and which jeopardize the livelihoods of millions.

Africa is paying a very heavy price for environmental degradation, which, combined with the economic crisis, is jeopardizing the livelihoods of millions.

Development link

The "African Common Position" stresses very strongly that, for Africa, issues of environment and development are inseparably linked. It calls for "a new era of development strategies that emphasize economic growth which combine poverty alleviation and environmental protection."

The "Abidjan Declaration," also issued by the conference, adds that it is necessary to recognize "the legitimate right of African countries to exploit their natural resources for development purposes and that activities to protect the environment should not frustrate the development process."

For Africa to be able to safeguard its own environment — and thus contribute to the preservation of the "global commons" — it will need both additional external financing and access to advanced, environmentally sound technologies, the Abidjan meeting noted.

Currently, Africa lacks "the capacity to overcome the constraints imposed by the worsening terms of trade and debt." To help finance African environmental programmes, the ministers suggested, there should be a "recycling of debt," in which debt write-offs could be linked to the establishment of local environmental protection funds. Further, an "ecologically-oriented diversification fund" could be established to help African countries transform their economic structures away from a narrow dependence on primary commodity exports.

The Abidjan meeting also proposed the establishment of an international fund for financing environmentally sound and sustainable development in Africa, the resources for which would come from international financial organizations, creditor countries and voluntary contributions. The meeting urged the African Development Bank to study the modalities for managing and utilizing such a fund.

Mr. Strong asserted that the primary challenge facing the 1992 summit "is that of achieving agreement on the critical issues of new and additional financial resources and technology transfer."

No new conditionality

While arguing Africa's case for additional financing, the ministers at the same time urged donor countries not to insist on the adoption of environmental programmes as a "pre-condition" for the financing of other areas of development.

The African ministers also specifically urged that "Agenda 21," the plan of action to come out of the Rio summit, include a wide range of priorities reflecting the close interconnection between environmental protection and economic development. Among the more than 20 they cited specifically, were the attainment of food self-sufficiency and food security, greater energy self-sufficiency, rational management of forests,

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AFRICA RECOVERY

Editor-in-Chief:
Salim Lone

Managing Editor:
Roy Laishley

Deputy Editor:
Nii K Bentsi-Enchill

Staff Writer:
Ernest Harsch

Designer/Desktop Operator:
Sheila McCreven-Helfenbein

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The Editor, Africa Recovery
CPMD, DPI, Room S-3362
United Nations, New York 10017
[Tel: 212-963-6857]

DONORS STALLED ON 'TRINIDAD' RELIEF

Rising debt threatens reforms

African countries need "exceptional" debt relief measures going beyond those presently on offer, the World Bank says in its recently released *World Debt Tables, 1991-92*. But discussions under way for over a year among Western creditors offer only the prospect of a watered-down version of the so-called 'Trinidad' proposals which, the Bank says, would significantly help a number of African countries (see box). The full Trinidad terms would give a number of African countries "realistic prospects" of putting their debt servicing on a sustainable basis, the World Bank's Chief Economist Lawrence Summers says. But even then, a number of countries, such as Somalia and Sudan, would need "even more generous treatment" if their financial health is to be restored, analysis in the *Debt Tables* shows.

The latest debt figures from the Bank show that Africa's debt burden continued to inch upward in 1991. For many African countries, "the debt overhang is so pervasive that unless extraordinary action is taken to reduce the debt burden, the process of adjustment itself is threatened," the World Bank warns in the *World Debt Tables*.

Sub-Saharan Africa's debt stood at a projected $175.8 bn in 1991, against $173.7 bn in 1990 and up from $154.7 bn in 1989, according to the latest figures, despite creditors cancelling close to $6 bn in outstanding debt in 1990. Debt servicing also took a projected higher share of export earnings in 1991 — 20.5 per cent, compared with 19.1 per cent in 1990 — as a result of continuing weak prices for Africa's major hard currency earners. This is in spite of the fact that only half the original obligations were actually serviced, with interest arrears at a projected $9.3 bn in 1991.

The UN Economic Commission for Africa estimates the 1991 debt for all of Africa at $280 bn, a 3 per cent rise over the previous year. The *World Debt Tables* do not give an equivalent figure for the entire continent, but for 1990 the data show a rise in total African debt to $271.4 bn from $260.6 bn in 1989. This was despite a lowering of Egypt's debt stock, from $51.2 bn to $39.9 bn, as a result of some of the exceptional debt relief it has received (see page 30). The sharp rise in sub-Saharan African debt from its 1989 level reflects, in part, exchange rate movements, Bank officials say, as well as increased offical flows and the rescheduling of interest. The figures are also revised from those given last year, to include for the first time Angola, which had a debt of $7.5 bn in 1990.

The Tables also confirm data from other sources that financial flows to the region have failed to grow as rapidly as hoped (see page 8). According to the Bank's projected figures, net resource flows — net disbursements of funds, minus repayments of principal — fell, even in nominal terms, to $16.4 bn in 1991 from $16.8 bn in 1990. The Bank attributes this to a drop in grants from donors and a fall in private flows. If repayments of interest are also taken into account, the net transfer of funds to sub-Saharan Africa was down a projected $1 bn in 1991 to $11.2 bn.

In an analysis of the possibility of a global "capital shortage" arising from increased demand from the Soviet Union, Eastern Europe and the Middle East, the Bank concludes that developing countries are likely to feel the effect largely through higher interest rates rather than any "abrupt rationing" of capital. However, for most sub-Saharan African countries, dependent overwhelmingly on official flows, the financing situation is more tight. In a special section on the debt situation in the sub-region, the *Debt Tables* warn that despite "generous" donor commitments to the Bank's Special Programme of Assistance

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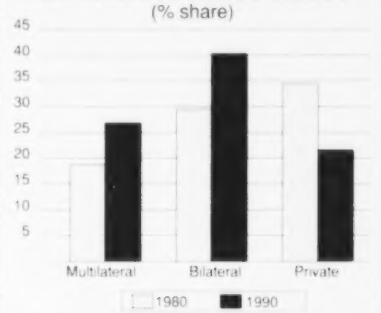
Rising share of official creditors in Africa's debt
(% share)



Share of short-term debt in total debt stock not shown.
Source: Africa Recovery from World Bank, *World Debt Tables 1991-92*

Paris club offers new concessions

The Paris Club of Western official creditors, breaking a six-months' impasse over improved debt relief terms for low-income African countries, agreed new terms for Benin at a meeting in Paris on 18 December. The deal, however, falls well short of the 'Trinidad terms' as they were first put forward by UK Prime Minister John Major in September 1990 (see main story).

Under the terms of the deal for Benin, creditors can chose one of two options: either an outright cancellation of 50 per cent of eligible debt, or a halving of interest rates with repayments for export credit debts spread over 23 years. Aid debt will be repaid over a longer period. The deal covers Benin's outstanding obligations through to mid-1993, including the consolidation of all arrears.

By comparison, the 'Trinidad terms,' would have offered more favourable terms, particularly by cancelling two-thirds of the entire eligible stock in one go, rather than in tranches, a practice which imposes tremendous hardships on African governments. 'Trinidad' also proposed rescheduling the remainding debt at concessional interest rates over 25 years. A third option, of a capitalization of interest payments, has been agreed by Paris Club creditors, although it was not used in Benin's case.

In October, the United Kingdom announced that it would go ahead and implement its 'Trinidad' proposals, whatever other creditors did. Officials said this galvanized other creditors into action. Scandinavian countries, the Netherlands and France agree on the need for deeper relief, but in the interest of preserving as wide a consensus among creditors as possible, a more modest general set of guidelines has been agreed for the time being, officials say.

This reflects, in particular, US concern over the budgetary implications of any debt forgiveness it now provides. The US was not a creditor for Benin, but under an arrangement reached with Nicaragua on 19 December opted for an extension of maturities.

Western officials say the new arrangements have captured nearly all of Benin's outstanding debt servicing obligations, including short-term debt, covering over $100 mn. Care has been taken to ensure that all options have the same degree of concessionality.

Although there will be disappointment that agreement has not been reached on a one-off cancellation of the entire stock of eligible debt, Western officials note that a "good will" clause has been agreed with Benin which permits discussion of cancellation of the stock of debt during the life of the present agreement.

Further discussions on improving debt relief are expected to continue, but officials say the new arrangement will remain as the basic package offered to debtors for a while. ■

Calls for action on African debt

By Nii K. Bentsi-Enchill

Aiming to give renewed impetus to the drive for lasting solutions to Africa's exceptional burden of foreign debt, influential African-Americans joined with the United Nations in holding a special, one-day conference in New York on 28 October.

The Day of Debt Relief for Africa was "not only an impressive show of support for Africa, but also a strong call for action," said UN Secretary-General Javier Pérez de Cuéllar, who opened the meeting and stayed throughout the morning session. Eminent international and private sector figures addressed a huge and enthusiastic gathering of mainly African-Americans who filled a large conference hall of the UN.

The originality of the session was a reason for hope, said Mr. Issa Ben Yacine Diallo, acting Executive Secretary of the Economic Commission for Africa (ECA), who co-organized the meeting. "This gathering of leaders and representatives of governments, financial institutions, captains of industry, as well as community and religious leaders, could create a new dimension to the debate between creditors and debtors," he added.

UN Secretary-General Javier Pérez de Cuellar and former Italian prime minister Bettino Craxi listen to the Rev. Leon Sullivan at the opening session of African Debt Day.

Focusing world attention

"In this room today is represented the mainstream of African America and friends of Africa as perhaps never seen before," declared the other co-organizer Reverend Leon Sullivan, who was also the convener of the First African/African-American Summit held in Abidjan last April to boost the African-American contribution to African economic recovery and development.

The meeting at the UN aimed to refocus world attention on the dire economic and social consequences of Africa's crippling debt burden, and to galvanize action on the urgent and additional measures to be taken at domestic and especially international levels to revive investment, promote enterprise and to stimulate the continent's recovery.

Present among the personalities were former President Aristide Pereira of Cape Verde, and Ambassador Ibrahim Gambari, special representative of Nigerian President Ibrahim Babangida, the current Organization of African Unity (OAU) chairman. Also present were Mr. Robert Stempel and Mr. Reuben Marks, chairmen of two major US corporations, General Motors and Colgate-Palmolive. Mr. Herman Cohen, US Assistant Secretary of State for African Affairs spoke briefly, as did Mr. Mervyn Dymally, chairman of the US Congressional Sub-Committee on Africa, while Mr. Antoine Blanca, UN Director-General for Development and International Economic Cooperation chaired one session of the meeting.

As a signal of their commitment to Africa, Rev. Sullivan proposed that the donor community should immediately write off 80 per cent of official bilateral debt, with African countries paying interest on the remainder for 20 years in local currencies, and the proceeds going into social sector spending, particularly health and education, and other key areas of human development.

Countries that successfully paid their interest over 20 years would have their remaining stock of bilateral debt written off. Such relief, he said, would be tied to International Monetary Fund (IMF) and World Bank adjustment programmes, and to "democratization, human rights and poverty reduction," declared Rev. Sullivan.

New York's Mayor David Dinkins greeting former UN Under-Secretary-General for Political and General Assembly Affairs, Joseph Reed.

Broader agenda

Several speakers pointed to the broader context in which debt relief had to be set. Mr. Pérez de Cuéllar, for example, said that for African economies to become more competitive, "an open international trading system and adequate finance to facilitate structural changes...are essential." New York Mayor David Dinkins pointed out that debt relief must be accompanied by economic diversification and political reform. Africa's own efforts needed international support

through more favorable trade and investment arrangements, added Mr. Teklu Gedamu, Vice-President of the African Development Bank.

US Ambassador to the UN, Mr. Thomas Pickering in turn noted that debt relief was only "one valuable item on a larger menu," that it was not a panacea, and that today's cancellations could adversely affect tomorrow's loan requests. He stressed that US development aid would give "special consideration" to countries moving away from state-controlled economies, and towards democracy, good governance and a healthy environment for private sector growth. The US had already written off $1.2 bn in concessional debt for countries with a long-term commitment to structural adjustment and market reforms, he observed.

Marshall Plan needed

Africa was clearly committed to political as well as market-oriented economic reforms, but it also needed special financing like the Marshall Plan, said several participants including Senegalese President Abdou Diouf (in a message read on his behalf), and Mr. Brownson Dede, Assistant Secretary-General of the OAU. Mr. Paul Simon, chairman of the US Senate Sub-Committee on Africa, observed that through the Marshall Plan, the US had given 2.9 per cent of its gross national product (GNP) to a war-devastated Europe in grants, whereas US aid to developing countries today was only some 0.2 per cent of GNP (excluding military aid). And, at a time when Africa needed up to $7 bn more to meet its priority development and social targets, noted Mr. Richard Jolly, Deputy Executive Director of UNICEF, the continent's annual debt service payments were twice what the US had spent under the Marshall Plan.

Several speakers said current debt-relief initiatives were inadequate, and called for measures going beyond the Brady Plan and the Toronto terms. Mr. Dede pointed out that debt rescheduling accounted for 45 per cent of the growth of Africa's debt stock, which had grown fourteen-fold over the past 20 years. Even the Trinidad terms proposed by the UK might prove inadequate, said Mr. Yves Berthelot, Deputy Secretary-General of the UN Conference on Trade and Development, indicating that the Dutch proposal of cancelling two-thirds of Africa's official debt might be more appropriate.

However, there could be no durable solutions without the cooperation of multilateral financial institutions, said Mr. Dede, pointing to "an increasing consensus" that these

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INTERVIEW WITH ISSA DIALLO OF THE ECA

Africa needs new strategies for debt and investment

Africa needs a "more imaginative, more flexible" approach on how to obtain debt relief, says Issa Diallo, acting Executive Secretary of the UN's Economic Commission for Africa (ECA). The current method — "delegations sitting around a negotiating table articulating their respective dogmatic positions" — has clearly not eased Africa's debt burden in any significant way, and a new strategy is required, from the continent as well as from the North.

ECA acting Executive Secretary Issa Diallo: calling for a new approach to debt.

In particular, he argues that Africa has no choice but to work closely with the International Monetary Fund (IMF) and World Bank. The IMF and World Bank, and African-based institutions like the ECA and the Organization of African Unity (OAU), are "instruments of cooperation, not confrontation." Mr. Diallo says; "Confrontation, under the present circumstances of Africa, is a luxury."

The ECA, in cooperation with the OAU and the African Development Bank (ADB), is now putting together the finishing touches to a campaign to put specific proposals to donors for action on both the debt and financial flows front. From January onwards, Mr. Diallo hopes to arrange a series of meetings with leading donors in Europe, North America and Japan — as well as the Middle East — to discuss practical proposals on debt and resource flows.

Africa Debt Day at the UN was the start of just such a new strategy by the ECA to galvanize action on debt relief for the continent. Reverend Leon Sullivan will continue to be associated with the new ECA debt initiative, Mr. Diallo explained. Through his African-American/African Summit network he is "helping in touching" a wider community with African problems. Mr. Diallo points in particular to the Africa Debt Day as evidence of the interest of ordinary people in Africa's recovery efforts and the benefits of coming "to listen to the Africans."

Africa and the North should be flexible.... confrontation, under the present circumstances of Africa, is a luxury.

Mr. Diallo, who took over at the ECA in August on the retirement of Adebayo Adedeji, argues that the Debt Day gave a clear message on the approach being adopted by Africa towards the issue of debt. "We want to continue to benefit from the system," Mr. Diallo argues. "We also said that we are committed to repaying debts," but with revenues far less than expected from exports, for example, Africa is "facing some very practical and real issues which are preventing [it] from paying back [its] debt in full." Nevertheless, Africa did pay an approximate $25 bn in debt service in 1991.

Mr. Diallo promises a "more imaginative, more flexible" approach to the issue of debt relief. He argues for the need to be more practical and less dogmatic in negotiations with donors. "Africa should be flexible," he argues. But he also insists that "the North should be flexible too." "Let's be imaginative," he argues repeatedly.

Mr. Diallo argues emphatically that the issue of debt must be seen in the wider context of Africa's overall development needs and in relation to the process of political reform now under way throughout the continent.

"Debt relief is essential, but we should not be too concentrated on debt forgiveness," he argues. To him the fundamental question is how to ensure economic recovery in Africa. "If we can help Africa to recover, we will have no more reason to keep asking 'do that for us' on debt," he suggests.

"We are working on the idea of linking three things," Mr. Diallo says: "debt relief, good governance and increased resources for investment." He argues that in present economic

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READEX FICHE

IMF/WORLD BANK ANNUAL MEETING

Fears over development cash

By Melvyn Westlake in Bangkok

Fears are growing that a severe shortage of finance could cripple implementation of the newly emerging consensus on the major thrust of development strategy for Africa and other countries of the South.

At this year's annual meeting of the International Monetary Fund (IMF) and World Bank, held in Bangkok in mid-October, Finance Ministers agreed that "the reduction of poverty and the achievement of sustainable growth" were the twin development priorities for the 1990s. But concern that increasing demand could lead to a serious shortfall in finance for development prompted the ministers, at a 14 October meeting of the Fund/Bank Development Committee, to ask the two institutions to prepare a comprehensive study on the resource flows needed to meet the agreed priorities. A similar concern has led UN Secretary-General Javier Pérez de Cuéllar to propose an international conference on global development finance for the end of 1992 (see page 44).

Bank figures, published at the meeting, suggest that sub-Saharan Africa alone could face an annual net financing gap of as much as $7 bn during the 1990s. African ministers at the week-long meeting voiced their concern that the continent's "marginalization" in the face of developments in the Soviet Union and Eastern Europe and in the Middle East was already leading to a serious shortfall in the external resources all sides agree are needed to kickstart sustained growth throughout the region.

Michel Camdessus (right), recently reappointed as Managing Director of the IMF and Lewis Preston (left), who took over from Barber Conable as President of the World Bank in September, with Ecuador's Minister of Finance and Public Credit, Pablo Better, Chairman of the IMF/World Bank annual meetings.

Need for adjustment

"The need for adjustment is now widely accepted in developing countries," said Tanzania's Finance Minister Stephen Kibona, representing the African Fund/Bank governors. In Africa, "efforts towards economic reform continued unabated," he said. But, he warned, there is a "heightened risk that Africa will be left on the periphery of the international economy, which seems to be moving along two separate tracks: one towards greater financial and economic integration...the other towards the progressive delinking of the economies of a large number of developing countries from the rest of the international community."

During the week-long meeting, the economic crisis in the Soviet Union and attempts to forge a united Western response to Soviet requests for financial and technical help and debt relief dominated the ministers' deliberations on wider issues of global financial flows, debt relief and Fund/Bank lending policies.

For Africa, while all external sources of funding are vital, the most pressing need, given current levels of debt and earning capacity, is for increased concessional flows. A litmus test of donors' willingness to back assurances of support for Africa and other poor countries with hard cash got under way in Bangkok with preliminary discussions on the tenth replenishment of the World Bank's soft loan affiliate, the International Development Association (IDA).

The Bank is hoping to raise $18-20 bn, according to retiring senior vice president Moeen Qureshi. But some donor countries, notably the United States, are challenging the need for such a large sum. Bank calculations indicate more than $17 bn is necessary just to maintain the equivalent in real terms of the present IDA of $16 bn, due to run out in July 1992.

Equally vital for Africa is to keep its share of the IDA pot — by far the most important element in Bank lending to the sub-Saharan region (see box). During his meeting with African governors, new Bank President Lewis Preston promised he would try to ensure that the sub-region continued to receive the 45-50 per cent of IDA resources it has been getting over the last two replenishments. This could prove equally difficult to deliver on. A further 10 countries are expected to be eligible for IDA-borrowing this time round. Although it could include African countries such as Côte d'Ivoire, there could also be a number of new borrowers from other regions. With a number of other countries, such as Egypt, returning to use IDA funds as their per capita incomes fall and newly eligible countries, like Nigeria, also accelerating their use of the facility's resources, the IDA negotiations encapsulate the growing competition for the limited global concessional funding available.

Mounting concern on this aspect was reflected in a speech by IMF Managing Director Michel Camdessus in which he made a passionate call for big cuts in Western arms spending and the transfer of some of the freed resources into foreign aid budgets. A 20 per cent cut in industrialized countries' arms spending, coupled with the abolition of agricultural support measures in these countries, would save close to $200 bn, Mr. Camdessus pointed out.

UN aid target

If only a fifth of the total proposed savings were allocated to foreign aid, the level of such assistance provided by industrialized donors would double — meeting the UN target of 0.7 per cent of their collective gross national product (GNP), a goal Mr. Camdessus is now urging Western countries to urgently meet.

Mr. Preston also turned the spotlight on excessive military spending, though his

remarks, in a more low-key debut speech, were addressed principally to developing countries. Reductions in arms spending, he said, would increase domestic savings, "allowing a reallocation of scarce resources to other priorities, and would reduce requirements for external capital."

Mr. Preston's reassurance in the same speech that poverty reduction remained the "overarching objective" of the Bank was well received by African delegations, concerned that the former chairman of the US banking house J.P. Morgan would accede to mounting pressure from Washington to turn the Bank's attention more and more to direct involvement with the private sector.

Fears over conditionality

However, developing countries did voice their fears over increasing conditionality on lending programmes. The Group of 24 finance ministers from developing countries warned in their communique "against the involvement of the Fund and the Bank in issues beyond their strict economic and financial mandate." At the Africa Group meeting with Mr. Preston, Mr. Kibona expressed concern about Bank lending becoming conditional on political reform in recipient countries.

At that meeting, Mr. Kibona also stressed the need for better designed structural adjustment programmes and the importance of ensuring adequate funding for them. In recent months, both the Bank and the IMF have strongly argued that adjustment programmes in Africa are producing results. In an upbeat message, Mr. Camdessus argued that evidence of accelerating growth in adjusting countries reinforced his view that it was "possible to reverse the downward trend in per capita income that has blighted Africa for the past 20 years." But African countries continue to voice their concern over many of the policies they are being asked to adopt and their impact on the poor. Both the Bank and the Fund have been compelled to give greater weight to the social costs involved in adjustment.

Adequate funding

On the issue of adequate funding, Mr. Preston argued that the Bank had ample capital resources to tackle both the anticipated needs of its developing country members and increase lending to Eastern Europe. There would be no diversion of resources away from developing countries, he said — though the Bank's Africa department has lost some experienced personnel in recent changes, reflecting in part increased Bank activity in Europe.

But Africa's particular financial problems were highlighted in a volume of papers recently published by the World Bank on the continent's external finances in the 1990s. Projections in *African External Finance in the 1990's* suggest sub-Saharan Africa will need nearly $30 bn annually in gross external financing if a 5 per cent growth in output is to be achieved in the 1990s (see page 8). Changes in the composition of resource flows will make it difficult to achieve these levels in future, the papers suggest, leading to the possibility of a serious shortfall in funding which sub-Saharan Africa will have topartly meet by raising its savings rate and using external resources more wisely if the targeted growth rate is still to be achieved. While the Bank and the Fund continue to stress the need for improved internal efficiency, both are urging an expansion of the concessional resources available and improved debt relief.

As well as his call for increased aid, Mr. Camdessus revealed Fund plans to expand the range of countries eligible for the IMF's concessional enhanced structural adjustment facility (ESAF). Additional countries, such as Côte d'Ivoire, where per capita incomes have fallen in recent years, should also benefit from this facility, Mr. Camdessus argued.

Deeper relief on official debt obligations, now limited to the very poorest countries, could also be extended to certain middle-income countries, Mr. Camdessus suggested. At the end of the meeting, the United Kingdom announced plans to go ahead with its "Trinidad terms" if other leading donors would not agree quickly to an improved debt offer as agreed at their London summit in July (see page 3).

With both the IMF and the Bank pushing initiatives to help developing countries, it should soon become clear whether the industrialized countries are prepared to underpin, with sufficient cash, the consensus strategy of fostering "market-friendly" economic reform, coupled with direct measures at poverty alleviation. In the present frugal climate many are sceptical about whether the two institutions can deliver the goods in the quantities needed. ■

Bank lending policies under fire

The Bangkok meeting demonstrated the growing disquiet of developing countries over the volume of lending from the two major international financial institutions. The World Bank is coming under increasing fire because of its stagnating level of new loan commitments. At $16.4 bn last year, they were well short of the $20-22 bn expected at the time of the Bank's last capital increase in 1988.

Added to this is concern over the rising level of negative transfers, as repayments and interest charges outstrip the Bank's disbursements. In the Bank's last financial year, ended 30 June 1991, net transfers to it totalled $1.7 bn after a positive net transfer to borrowers of $398 mn in 1990.

A study of the Bank's lending practices is being demanded by developing countries. There is a similar concern over the IMF, though overall net credits (which do not take into account loan charges) in the year ending 30 April 1991 were positive for the first time since 1985.

For Africa, however, Fund flows continue to be negative (see page 3). Last year saw a sharp decline in disbursements to Africa — to special drawing rights (SDR)577 mn ($796 mn) from SDR1.3 bn ($1.8 bn) in the 1990 financial year — although new commitments have accelerated recently.

Sub-Saharan Africa, at least, continues to enjoy positive net transfers from the World Bank. These totalled $895 mn in financial year 1991. This, however, was sharply down on 1990's $1.26 bn and contrasts with gross disbursements in 1991 of $2.85 bn. For many adjusting countries, however, such as Côte d'Ivoire and Nigeria, net transfers were negative. In the Development Committee meeting in Bangkok ministers stressed the need to maintain positive net transfers to individual adjusting countries to sustain the development process.

Sub-Saharan Africa is heavily dependent upon concessional finance from the International Development Association (IDA), a trend which is likely to deepen as countries once too prosperous to use the soft loan affiliate, such as Nigeria and Côte d'Ivoire, use its resources. In 1991, 80 per cent of new Bank lending to sub-Saharan Africa was from IDA, up from 70 per cent the previous year. Last year only six sub-Saharan countries borrowed from the main arm of the Bank; and one country — Nigeria — accounted for over 80 per cent of the $661 mn in new money from this source.

EASTERN EUROPE GETS $1.5 BILLION

Aid flows to Africa stagnate

Aid disbursements to sub-Saharan Africa remained stagnant in real terms in 1990, according to recently published figures from the Organization for Economic Cooperation and Development (OECD). Nor was there any rise in other financial flows, making sub-Saharan Africa the only major developing region not to have experienced an increase in overall financial flows.

Aid to sub-Saharan Africa from the 18 donor countries belonging to the OECD's Development Assistance Committee (DAC) reached $10.6 bn in 1990, an increase in real terms of 3.9 per cent over 1989, nearly in line with the 4 per cent rise registered in the DAC's overall aid disbursements. But official development assistance (ODA) from all sources totalled only $15.9 bn in 1990, exactly the same figure as in 1989 (in constant dollars and prices).

The DAC's annual report, *Development Cooperation 1991*, argues that official aid to the countries of Eastern Europe of some $1.5 bn in 1990 "does not suggest major aid diversions away from developing countries." However, it acknowledges that aid requests from Eastern Europe and the Soviet Union, combined with new financing demands related to the aftermath of the Gulf crisis and to environmental protection, will put pressure on aid budgets. "There is a real risk that actual aid increases in the next few years may remain rather modest," the report predicts.

Aid prospects tight

Underlying the tightness in aid prospects for sub-Saharan Africa, flows from "other" donors — mainly the Soviet Union and Eastern Europe — fell to zero in 1990, compared to $510 mn in 1985, according to the DAC report. Aid from Arab donor countries and agencies to the region stood at $96 mn in 1990, the same as the year before, though just one-tenth of its level a decade earlier.

The DAC report echoes the World Bank in arguing that a failure of overall ODA disbursements to rise significantly in the coming years "would be unfortunate in a situation where many developing countries are making increased efforts at structural adjustment and democratization" (see page 3).

Issues of democratization, governance and accountability feature prominently in the thematic section of the 1991 report. In more and more donor countries, the report notes, leading political figures are advocating that aid allocations reflect considerations of human rights and democracy. In their policy discussions with individual developing countries, DAC members are seeking to encourage "a trend towards more democratic political systems, a greater role for local organization and self-government, respect of human rights including reliable and accessible legal systems, competitive markets and

Financing gap looms for Africa

Even with a combination of tougher domestic policies, more aid and deeper debt relief, the countries of sub-Saharan Africa could still face an acute financing gap during the 1990s, a recently published World Bank report* says. The financing shortfall could range from between $1 bn and $7 bn by 1995, depending mainly on prospects for official concessional flows, according to calculations made for the Bank's September 1990 symposium on financing African development, the papers from which form the basis of the report.

"Despite improvements in investment efficiency, domestic savings, and export volume, the financial requirements of adjusting countries in sub-Saharan Africa cannot be fully met without new money and further debt relief," Bank vice president for Africa Edward Jaycox says in a foreword to the study. The study concludes that despite internal budgetary pressures the climate for official development assistance (ODA), which forms the bulk of financial flows to Africa, "can improve substantially if resources are used well and if it is coordinated well."

Sub-Saharan Africa will require gross external financing of the order of $28-30 bn a year (in 1988 dollars), in the form both of new financing and reductions in debt servicing, if growth in gross domestic product (GDP) of the order of 5 per cent is to be achieved by 2000, calculations by the Bank's Africa Technical Department suggest. Even that level — roughly equivalent to 1988 flows — presumes tough domestic policies which succeed in raising domestic investment and savings to the equivalent of 25 and 20 per cent of GDP respectively — an enormous challenge considering that levels of around 14 and 11 per cent respectively prevailed in the second half of the 1980s.

Gross flows also presume a greater ratio of new money to debt relief by the end of the decade. In present flows, new financing amounts to some 83 per cent of all resources, but by 2000 formal debt relief "will be negligible" under present options, determined mainly by the 'Toronto Terms' offered by leading Western creditors. Gross external flows of $28-30 bn would meet net import needs and debt servicing obligations in roughly equal amounts, although most of the debt servicing would be for middle-income African countries.

Calculations by the Bank's staff suggest an aggregate financing gap for sub-Saharan Africa of an average $3-4 bn a year, assuming a doubling of aid and net foreign direct investment (FDI) over the decade, with nonconcessional borrowing remaining at recent levels. But this is based on optimistic assumptions about the level of multilateral assistance, which lead the editors, Ishrat Husain, Chief Economist for the Bank's Africa department and John Underwood, from the International Economics Department, to conclude that the projected net financing gap "may be at the low end" of the scale.

Africa's poorest economies

The poorest sub-Saharan economies — defined as those eligible to borrow only from the Bank's soft-loan affiliate, the International Development Association (IDA) and not from the Bank's main lending arm — are expected to account for more than three-quarters of the region's gross financing needs, mainly to fill a widening trade deficit. For at least 23 of them, access to such flows by 2000 will be limited to concessional official flows only, the editors suggest.

In aggregate terms, earlier Bank studies have suggested that ODA must increase by 4 per cent a year in real terms if sub-Saharan growth targets are to be achieved. This rate of

dynamicprivateenterprise."

In regard to Africa in particular, the DAC report also urges donors to pay close attention to social sector financing, especially for health and education programmes. Given the continent's limited private and public-sector resources, says the report, "donors have a responsibility to ensure that the human dimension is not lost during the equally essential process of structural reform."

Additionally, in several African countries that have long been afflicted by warfare or the burden of large refugee populations — such as Angola, Ethiopia, Malawi and Mozambique — the prospects for peace are likely to mean that donors will be called upon to provide substantial support for the repatriation of refugees and the reconstruction of damaged economies, the report predicts.

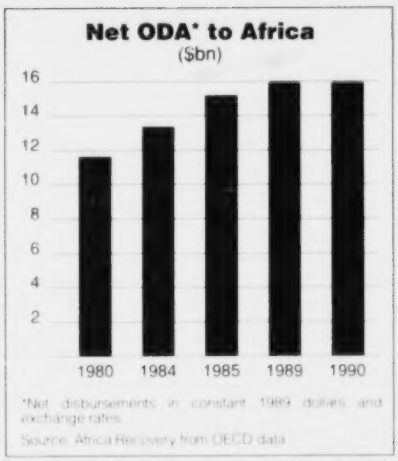
Debate over debt relief

In reporting ODA figures, a discussion is under way within the DAC about whether, and how, to record the financial savings to developing countries resulting from cancellations of non-ODA debt, including that of military and export credit debt. Some members have argued against considering forgiveness of military debt as a form of ODA, since military aid is not included in ODA figures and such a move would be inappropriate at a time when developing countries are being encouraged to reduce military expenditures and arms imports.

For some donors, such as the US, inclusion of military debt forgiveness could significantly improve their apparent ODA performance. If the 1990 portion of the US forgiveness of Egyptian military debt were included, for example, total aid disbursements from the US for the year would rise from $10.2 bn to $11.4 bn.

Even without this, however, the US in 1990 regained its position as the world's largest aid donor, with Japan falling back into second place. Much of the US increase was accounted for by contributions of $2 bn to multilateral institutions. Compared to 1989, US bilateral aid to sub-Saharan Africa rose by 33 per cent in real terms, to $968 mn. Japan provided $855 mn to the region in 1990.

Among the larger aid donors, France also registered a significant increase, both in general and to sub-Saharan Africa specifically, where its net ODA disbursements of $3.4 bn were 10 per cent higher than the year before. Germany, Italy and the UK all registered declines in their disbursements to the region, however.



Overall, when measured as a ratio of aid to gross national product (GNP), the DAC countries' average aid disbursements continued to hover around 0.35 per cent, the same level it has been for many years. This is only half of the 0.7 per cent recommended by the UN. ■

growth is feasible for bilateral ODA according to Organization for Economic Cooperation and Development (OECD) estimates though the region would have to increase its share of aid and there would be need for better coordination by donors.

Multilateral flows

Multilateral flows, however, are a different story. The International Monetary Fund (IMF), "is not likely to be a major supplier of net external financing" for the region in the 1990s, the study concludes, though it can act as a catalyst for other sources of finance for some countries. For the World Bank and African Development Bank, the most significant facilities for Africa by far are their respective soft-loan affiliates. But in one of the papers, the Bank's Ms. Kathyrn Larrecq warns that disbursements from them are likely to slow significantly in the second half of the 1990s unless replenishments take place at "relatively higher levels in real terms."

The picture is generally even gloomier still for other sources of finance; always with the proviso that some 15, mainly oil and mineral-exporting, countries will enjoy access to most forms of private capital flows. Generally, however, the editors conclude the level of commercial bank lending will be "minuscule." Similarly, "there is no realistic prospect for a large increase in FDI flows," they conclude from a study by Mr. Lawrence Cockcroft and Mr. Roger Riddell.

Even the virtues of sound economic management may not bring their rewards. Looking at the estimated $40 bn in flight capital outside the region, Mr. Kevin Chang and Mr. Robert Cumby conclude that "there is no evidence of reflows in response to the adjustment efforts of African countries in recent years," though this is something that could clearly change if a sustained period of economic and political stability should prevail.

The study points to the recent example of Mexico to suggest some optimism on this account. And it is in this respect that the study stresses the need to secure the "external viability" of African countries. This is defined as the ability of countries, at or close to potential sustainable growth, meeting their external resource needs — including debt servicing — without recourse to reschedulings or accumulations of arrears.

Without such viability it will be difficult to secure the necessary confidence from investors — domestic and foreign — to help fuel economic growth. In turn, however, it requires additional measures "equivalent to an annual reduction in scheduled debt service of about $6 bn, or 35 per cent of scheduled debt service," the editors say.

This could come, the editors suggest, either in the form of further increases in ODA or in deeper debt relief. The editors warn, however, that the terms of such relief would be crucial, as some cash-flow relief could fill financing needs but be detrimental to growth by acting as a disincentive to other flows.

With only a limited role for debt relief, and with severe restraints on all forms of likely financial flows, the study's main conclusion is to emphasize that foreign resources must become less a substitute for and more a complement to a rising level of domestic savings, and that African countries must use "more wisely" those external resources they do secure by improving the quality and efficiency of domestic investment.

* *World Bank*, African External Finance in the 1990s, *edited by Ishrat Husain and John Underwood*.

INSECURITY OBSTRUCTS RELIEF ACTIONS IN HORN

UN strengthens emergency aid efforts

By Ernest Harsch

The United Nations has decided to significantly strengthen its ability to respond quickly to large-scale and "complex" humanitarian emergencies, such as those afflicting war-torn areas of Africa. On 18 December the General Assembly agreed, among other steps, to the Secretary-General's naming of a high-level humanitarian aid coordinator and to the creation of a special $50 mn emergency fund to permit UN relief agencies to respond immediately to major new emergency situations.

It is because of the "highly political" nature of some of these humanitarian crises that the UN has been impelled to find ways of better tackling them, says UN Under-Secretary-General James Jonah.

Mr. Jonah, who oversees the Special Emergency Programme for the Horn of Africa (SEPHA), cites that region as a prime example. Some 20 million people in the Horn, principally in Ethiopia, Sudan and Somalia, are affected by famine conditions that have been caused, in large part, by persistent political conflict, insurgency and civil war (see box). They make up a large portion of the approximately 33-34 million people across Africa threatened by famine.

Emergency food aid being loaded in Djibouti, bound for Eritrean port of Massawa. Complex emergencies in war-torn regions such as Horn of Africa require improved coordination.

The linking of political initiatives with humanitarian aid has proved controversial, however, with some developing countries expressing concern that relief operations could be used by donors to intervene in an affected country's internal political affairs.

Nevertheless, Mr. Jonah argues the importance of a fresh approach to humanitarian operations. "These complex emergencies," he explained to *Africa Recovery*, "are much more intractable than natural disasters, because when there is a conflict usually it involves a sovereign government and a movement challenging the government, with both sides either deliberately or inadvertantly using food as a weapon." The challenge, he said, is to get agreement from all sides to guarantee the security of relief efforts, so that food and other emergency assistance can be delivered to people, whatever side of the fighting line they are on.

In such situations the mobilization and delivery of relief aid is also logistically difficult, UN officials say. Sudden outbreaks of fighting and large-scale refugee movements make it all the more essential for relief agencies to work together more effectively and to have the flexibility and available resources to respond quickly.

Better coordination

The General Assembly decision, incorporating the main recommendations of a report the Secretary-General issued in October, specifies that the responsibilities of the new UN coordinator include monitoring developing emergency situations; coordinating the responses of different UN agencies; working with governments, non-governmental organizations and other institutions to mobilize sufficient resources; and negotiating access to stricken areas by relief agencies. The coordinator will function under the direct authority of the Secretary-General, and with the assistance of a strengthened UN Disaster Relief Organization

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Famine, disease threaten millions

It has been roughly estimated that about 20 million people throughout the Horn of Africa are affected by drought and famine conditions or have been displaced from their homes, many as refugees in neighbouring countries. But given the sheer scale of the crisis and the massive population movements, no one is sure precisely how many are in need of food aid or other emergency assistance.

In mid-November a team of experts from the UN and several donor countries embarked on a month-long mission to the region to assess in detail the emergency situation. This will form the basis of a new international appeal, issued by the UN, to cover the region's emergency relief needs in 1992.

In September the UN had issued an initial international appeal for $400 mn in food and other emergency aid to the Horn, to cover the period through the end of 1991 alone. At least $180 mn was donated or pledged as of early December, according to the Special Emergency Programme for the Horn of Africa (SEPHA). Although the donor response to that appeal fell short, especially in the areas of non-food assistance, it was possible to avert widespread starvation, thanks in part to the large stockpiles of food at the ports of Djibouti and Assab.

However, serious shortfalls in transport, seeds, pesticides and health supplies threaten not only the prospects of agricultural recovery, but will also hamper efforts to contain increasingly serious epidemics of malaria and other diseases that are sweeping the region. In early December Mr. Jonah appealed to donors to urgently address a "priority list" of unmet emergency needs, totalling some $65 mn, to prevent the situation in the Horn from deteriorating further.

MORE FOOD AID WILL BE NEEDED DURING DECADE

Improving food aid to Africa

Food aid, already one of the most significant forms of international assistance to Africa, is likely to become even more important over the 1990s, argues a joint study by the World Bank and the UN's World Food Programme (WFP). The new study, *Food Aid in Africa: An Agenda for the 1990s*, also argues that "integrating food aid with financial aid and domestic resources as part of a national development strategy is essential."

Despite African efforts to boost production through increased investment and improved policies, "increased aid, including food aid, will be required," the study asserts. Citing Africa's limited financial capacity to import more food on a commercial basis, the study argues that without additional food aid the number of undernourished people in sub-Saharan Africa will rise from 142 million in 1983-85 to 200 million by the end of this decade.

But what is also vital, stress the Bank and WFP, is that food aid be used more effectively. Among their recommendations to donor and recipient countries alike, are improved coordination of food aid flows and more flexible delivery mechanisms. They also pledge to formulate and implement joint World Bank-WFP food security plans for individual African countries, a process that is already under way in several countries.

A major resource

On average, food aid makes up about 7 per cent of all official development assistance (ODA) to sub-Saharan Africa, and in some countries, such as Ethiopia, rises to as much as a fifth. It generally accounts for about 20 per cent of the region's food imports.

The net value of food aid to sub-Saharan Africa over 1985-90 averaged about $1 bn a year, an amount equivalent to the annual net financial transfers to the region by the World Bank.

Much of the food aid to sub-Saharan Africa is provided by a few key donors. Over 1987-90, the United States alone contributed 47 per cent of bilateral cereal aid and 49 per cent of non-cereal aid, while the European Community gave 19 per cent and 24 per cent, respectively. Multilateral agencies, such as the WFP, are also a major source. Although non-governmental organizations (NGO's) are able to contribute only a small fraction of total food aid, they play a significant role in distribution, with about one-fifth of all food aid (primarily from bilateral sources) being channelled through NGOs over 1987-90 (see chart).

The study notes the frequently made criticism that deliveries have sometimes been influenced more by donor surpluses than by the recipient countries' development needs. Ill-timed deliveries may not only reduce the effectiveness of food aid, but may impose on African governments unexpected storage costs. "Donors should make longer-term, multi-year food aid commitments to provide stable and well-timed supplies, and should be prepared to substitute financial aid for food when appropriate," says the study.

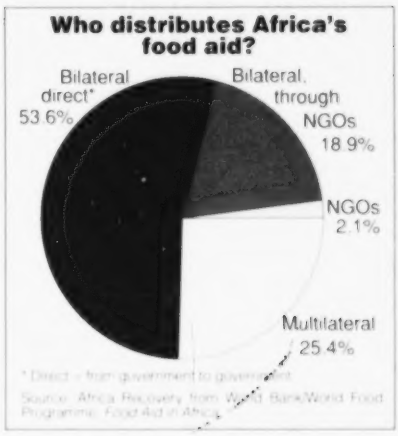
But despite some shortcomings, due in part to inadequate planning and coordination, the study finds that "there is no evidence that food aid has led to large-scale disincentives" to African food producers. Nor have the overall levels of food aid exceeded the region's absorptive capacities.

To sell or distribute?

The study suggests that it is often preferable to "monetize" food aid — resell it on local markets — rather than distribute it directly, citing the greater flexibility this allows and the local revenues that can be generated for development purposes. Often known as "programme food aid," this type of assistance functions as a form of balance-of-payments support to governments.

The study acknowledges some problems with programme aid, however, noting that it may perpetuate inefficiencies in public enterprises (by giving their employees more favoured access to food than to those in the private sector) or may provide financial windfalls to well-placed individuals who obtain food at below-market prices and resell it at a substantial profit. The study argues that such shortcomings can be lessened by integrating food assistance with aid efforts more generally and by using it in support of structural adjustment reforms.

The study concedes that direct distribution may in many cases be better able to target specific groups, such as the poor, women and villagers in remote areas, who would otherwise have difficulty obtaining food commercially. This often takes the form of "project aid," that is, food distributed as part of specific development projects, including through food-for-work programmes, school lunches or supplementary feeding programmes for children and pregnant women. Provided in such forms, food aid can play an important supportive role in human resource development, the study says.


Who distributes Africa's food aid?
Bilateral direct* 53.6%
Bilateral, through NGOs 18.9%
NGOs 2.1%
Multilateral 25.4%
* Direct = from government to government.
Source: Africa Recovery from World Bank/World Food Programme, Food Aid in Africa

Since the mid-1980s, emergencies have accounted for the largest part of food aid to Africa. The study recommends improved monitoring of food supplies and more effective coordination of information and donor deliveries. Recipient governments should prepare drought or emergency prevention and preparedness plans. The International Emergency Food Reserve, with an annual target of only 500,000 tonnes of cereals, has proved slow and inflexible, the study finds, and should be revised to give the WFP quicker access to food supplies.

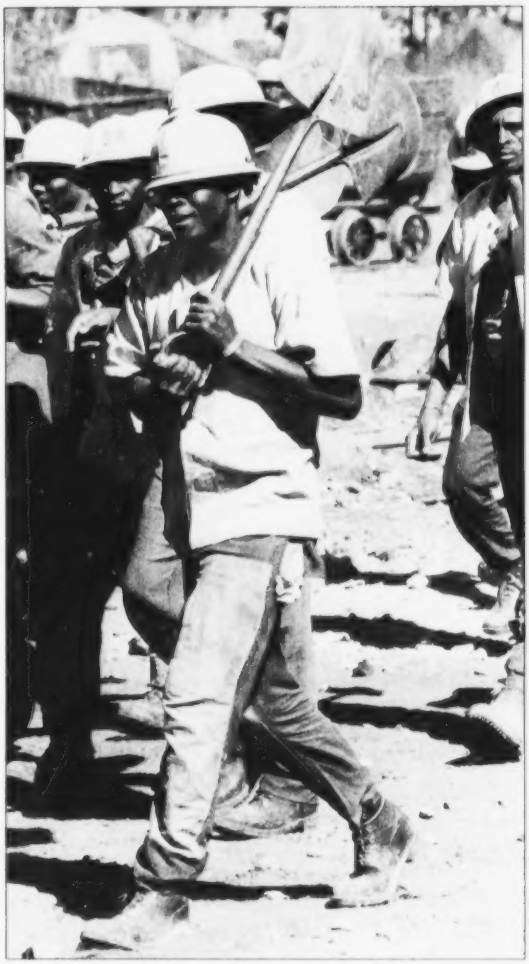
"Triangular" transactions — the obtaining of surplus foods from one African country for use in another — is a highly cost-effective source of food aid, the study says. Through purchase or barter arrangements, one-fifth of all food aid used by donor agencies in sub-Saharan Africa originates in Africa, with Zimbabwe and Malawi in particular providing significant amounts.

Greater use of such triangular arrangements will provide a better balance of locally preferred foods. Critics of food aid argue that such aid often takes the form of commodities which are unfamiliar to the recipients: wheat, for example, to people whose normal diet is based on maize or sorghum. This, the critics say, can bias tastes to create a dependence on foods that cannot easily be grown in recipient countries. However, use of locally grown foodstuffs in triangular transactions, in the long run, may encourage greater intra-African trade in food, the study suggests. Liberalizing and expanding the food trade among African countries is especially important, says the study, because it "would help overcome imbalances in food supplies and reduce the dependence on food imports from outside the region." ■

Southern Africa after apartheid

Among several possible scenarios of economic change in Southern Africa following the dismantling of the apartheid political system, the most beneficial for the region as a whole would be one in which the region's governments — including that of a free South Africa — seek to coordinate their development efforts along the lines pioneered by the Southern African Development Coordination Conference (SADCC), argue Colin Stoneman and Carol B. Thompson, authors of a recently published Africa Recovery Briefing Paper,* "Southern Africa After Apartheid."* *Given the great disparities in economic development and living standards in Southern Africa, such an approach could better promote a more balanced development in the region, rather than a focus on "growth" alone, which may worsen inequalities.

However, there are well-positioned domestic forces, as well as key donor countries, trade partners and international financial institutions, which will favour policies of sweeping market liberalization. This may lead to an outcome in which market forces play a more undirected role in determining regional trade and investment flows, regardless of considerations of equitable development within each country or within the region as a whole. The most likely post-apartheid scenario would thus be the establishment of some form of market-led integration of the region's economies, albeit within a regional trading bloc. Below are highlights of the Briefing Paper.



South Africa's mines still employ a large number of migrants from neighbouring countries.

Southern Africa, a region rich in minerals, fertile soils and human skills and labour, has long been unable to realize its potential because of the devastating impact of South Africa's apartheid political system. With the prospect of that system being dismantled in favour of a nonracial, democratic South Africa, the region may at last be in a position to more fully tap its vast resources for the benefit of its peoples.

There is no question that an end to apartheid destabilization will enable those Southern African countries which have paid the highest price in lives and economic devastation to step up their difficult reconstruction efforts and to shift scarce financial resources from defence and security to economic development.

Beyond this, however, many questions remain. Will the end of political apartheid bring an end to economic domination by minority interests? Will the lifting of international sanctions allow South Africa to further extend its influence over the region's economies and subordinate them, as some fear? Or will the so-called "power house" of the region spread economic benefits throughout Southern Africa, as others suggest?

Disparities and difficulties

All the economies of Southern Africa are small and depend on agriculture and/or the export of minerals. Such manufacturing industry as exists is usually uncompetitive because it was created for a small national market, rarely the regional market, and hardly ever for overseas exporting. Only South Africa and Zimbabwe provide partial exceptions to this picture. But even regionally dominant South Africa is a relatively minor actor in the world economy, with a gross domestic product (GDP) that is only about half that of Belgium.

Despite its past and present problems, the South African economy accounts for about three-quarters of the region's GDP, and creates about four-fifths of the manufacturing value-added (MVA). With a population of some 35 million (a third of the Southern Africa total), it thus offers by far the largest national market in the region.

Average national per capita incomes are highly uneven throughout the region, ranging from $120 for Tanzania to about twenty times this figure for South Africa. *Within* each country, the distribution is almost everywhere much worse. In South Africa, whites, comprising just 15 per cent of the total population, obtain two-thirds of the national income, while Africans, three-fourths of the population, earn just a quarter of the national income (the remainder goes to those classified by the apartheid system as Coloureds or Indians).

Most countries of Southern Africa are heavily in debt, with the regional total at around $50 bn, of which South Africa accounts for nearly half. Investment has not only been declining in South Africa because of sanctions, but has also remained stagnant throughout most of Southern Africa. Regionally, the overall growth rate in the 1980s has been negative in per capita terms, with only Botswana and (marginally) Swaziland and Zimbabwe showing positive figures. South Africa has been near to the average, with GDP per head falling by at least 1 per cent per year on average.

A shift in the economic balance of forces within Southern Africa could emerge from the demise of the apartheid political system. The glaring disparities and weaknesses in South Africa's economic and social struc-

* *Copies of the Briefing Paper can be obtained from Africa Recovery. Colin Stoneman is a researcher at the Centre for Southern African Studies, University of York, England, and editor of the* Journal of Southern African Studies. *Carol B. Thompson is an Associate Professor of Political Science at the University of Southern California. Both have authored books on Southern Africa.*

ture are likely to place huge demands on a post-apartheid government. This is likely to affect the external competitiveness of South Africa's economy. Regional planning — or bargaining — could thus take place on much more equal terms than is commonly thought.

South Africa will need the region in many ways. Maputo, the capital of Mozambique, could again become an important and more economic port for the northern Transvaal than Richards Bay. Even more important is the fact that South Africa has an increasingly desperate shortage of cheap energy and water, which can be obtained, in part, from other countries in Southern Africa.

Regional organizations

The countries of Southern Africa have already had some significant experience with different forms of regional organization.

The Southern African Customs Union (SACU) was formed about 80 years ago, linking the former British protectorates of Botswana, Lesotho and Swaziland with South Africa. Namibia was a *de facto* member, since it was administered as part of South Africa until 1990, and is now a *de jure* member. The benefits and costs of membership seem to be evenly divided at the purely financial level, but certain independent policies are clearly ruled out.

The Southern African Development Coordination Conference (SADCC), created in 1980, now has 10 member countries: Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe. Its approach contains several ingredients: the avoidance of over-ambitious plans dependent on regional bureaucracies; the reduction of economic dependence; and the need for coordination rather than competition.

The glaring disparities and weaknesses in South Africa's economic and social structure are likely to place huge demands on a post-apartheid government. Regional planning — or bargaining — could thus take place on much more equal terms than is commonly thought.

From the outset, SADCC emphasized that reducing dependence on South Africa was not an attempt at an uneconomic and artificial separation from "natural" regional links with that country, but an effort to reverse the imposed, often uneconomic, links established as a result of colonial structures and, later, destabilization. According to SADCC officials, few problems can yet be left to market forces. There has therefore been a focus on the coordination of investment rather than the promotion of competition, a criticism of the concept of free trade areas, and a parallel emphasis on production rather than trade.

The Preferential Trade Area for Eastern and Southern Africa (PTA) was formed in 1981 through an initiative of the UN Economic Commission for Africa. It now has 18 members, including all the SADCC members except Botswana (which finds membership inconsistent with SACU membership) and Namibia, which has, however, applied for membership. The PTA's ultimate objective is "to promote cooperation and development in all fields of economic activity," with trade promotion mechanisms the key instruments for achieving this. The main distinction between the PTA and SADCC, therefore, is that the former is primarily trade-driven, while the latter aims first at coordinating production.

Scenarios for regional change

Southern Africa's future is obviously conditioned by the past, but is not solely determined by it. Many uncertainties remain, especially regarding developments in South Africa itself, the reaction of other Southern African countries and the response of external powers.

Whichever model or compromise emerges (see box), it remains clear that the message to a free South Africa of the SADCC experience is that sustained development, not simply short-term profit maximization, is only assured through regional cooperation which addresses the historical inequities of the region. Furthermore, it is a message close to what the anti-apartheid movement is saying inside South Africa: a century of legislated white privilege and black deprivation must be directly addressed and transformed; they will not disappear with one-person, one-vote. ■

Scenarios for Southern Africa

The economic future of a post-apartheid Southern Africa will be influenced by a variety of factors, including the policies adopted by a new South African government, the legacy of uneven economic development in the region and broader trends in the world economy. The following five scenarios outline the different possible outcomes, although in practice a hybrid is most likely.

- Although regional organizations such as SADCC and the PTA have the official backing of European donors and the World Bank, forces tending toward **regional fragmentation** — that is, each country going its own way — are strong. It is not likely that this will happen, but it is possible.
- Another possible (though not very likely) scenario is **the continuation of two sub-groupings**, roughly comprising the two existing regional organizations, SADCC and SACU.
- **Regional market-led integration** is the outcome favoured by the international financial institutions and the leading industrial interests. This would mean that market forces would play a more undirected role in determining trade and investment flows throughout Southern Africa, regardless of considerations of equitable development, which would primarily benefit the largest of the economies, South Africa.
- A more likely scenario, the establishment of a regional trading bloc, or **customs union**, seems to be taking shape. The main bargaining partners would be Europe, South Africa and the SADCC countries. Europe would offer South Africa association with the Lomé Convention (or similar terms) in exchange for making concessions to SADCC countries in transitional arrangements during their entry into a modified and expanded SACU.
- South Africa's economic weight provides strong arguments for **regional coordination**, that is, extending the SADCC approach to Southern Africa as a whole, including a free South Africa. A scenario of this nature should be most beneficial not only to existing SADCC countries, but also to South Africa itself, as the regional market is enlarged by successful industrialization in a number of areas. But this is not the most likely scenario, since powerful forces are likely to oppose it.

NEED FOR IMPROVED DEVELOPMENT DIALOGUE

Push for progress at UNCTAD VIII

Africa and other developing regions have urged industrialized countries to help achieve a positive, action-oriented outcome to February's eighth UN Conference on Trade and Development (UNCTAD VIII), in Cartagena de Indias, Colombia. Developed countries would be expected to commit themselves to the objective of a sustainable and equitable international trading system which did not discriminate against developing country exports, said the "Group of 77" developing countries (G-77) at their November meeting in Teheran, Iran.

Fuelled by the growing concern of developing countries, the key issues at UNCTAD VIII are expected to be protectionism, resources for development, technology, commodities, and services. Also prominent will be the question of institutional reform at UNCTAD.

Urgent calls for a new impetus to multilateral economic cooperation were made in early December at UNCTAD's Trade and Development Board meetings in Geneva, and by the UN General Assembly which reaffirmed that all countries should play a full role in strengthening the "rules and disciplines of the multilateral trading system for the benefit of all countries."

Uruguay Round

Discussions in Cartagena are likely, therefore, to be heavily influenced by the outcome of efforts throughout 1991 to save the Uruguay Round of multilateral trade talks from failure. The G-77 has expressed deep concern that with regional trading blocs among industrialized countries likely to affect them adversely, the failure of the Uruguay Round to resolve such issues as rising protectionism would worsen most developing countries' plight at a time when prices of many of their key exports have also fallen by up to 70 per cent.

UNCTAD's 1991 *Trade and Development Report* indicates a proliferation of "non-tariff" measures — quotas, levies, minimum prices, import prohibitions, sanitary regulations, etc. — especially in the US and European Community markets. Such barriers now cover a larger proportion of these regions' imports from developing countries than at the beginning of the 1980s, or even at the launching of the Uruguay Round in 1986, the UNCTAD report said.

Africa and the G-77 have called for the "total dismantling" of protectionist barriers, as well as curbs on the restrictive business practices of transnational corporations. They point out that agricultural protection alone cost developed countries $300 bn in 1990, or six times the development aid they gave to developing countries.

The G-77 also accuses developed countries of advocating multilateralism while resorting to the "unilateral exercise of economic power, the application of restrictive and discriminatory practices and the marginalization of multilateral institutions and of developing countries in the management of the world economy."

African trade ministers meeting in September in Lusaka urged industrialized countries to renew their political support for UNCTAD, as a "unique forum for tackling the problems of interdependence."

UNCTAD's activities focus on the linkage between trade, growth and development, and include global economic analysis, policy-formulation, coordination, negotiation, and review, as well as technical cooperation and policy implementation.

But there are contrasting proposals for reform, and a growing divergence of views on UNCTAD's proper role, said UNCTAD Secretary-General Kenneth Dadzie, calling for institutional reform "without delay."

The European Community and the Nordic countries have argued that UNCTAD should limit its negotiating function, and concentrate more on development-related analysis and technical assistance. However,

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Nigeria, GATT debate trade policies

Developing country efforts at economic diversification continue to be hampered by limited access to major export markets. "Generally, industrialized countries use all kinds of discriminatory trade practices against developing countries," argued a Nigerian government report to a 1-2 October meeting of the General Agreement on Tariffs and Trade (GATT) Council in Geneva the first devoted to a full review of any sub-Saharan country's trade policy.

The government had found it difficult to diversify Nigeria's exports beyond oil — about 95 per cent of total exports — in part because "the non-oil exports of the country consist of goods for which import restriction in the industrialized countries is strictest." It was hard for Nigeria, therefore, "to reconcile the trade-liberalization conditionality of the structural adjustment programme and the market access arrangements of the industrialized countries."

Since embarking on its adjustment programme in 1986, Nigeria has eliminated the import and export licensing system, reduced the number of prohibited imports, removed agricultural price controls and abolished the commodity marketing boards for a number of key export crops.

However, since 1988-89, the GATT Secretariat observed, import duties on certain products have risen by 100 to 300 per cent, some additional imports have been prohibited, and exports of timber, a number of food crops, and other products have been banned. The Secretariat argued that these were "setbacks" in the country's economic reform process.

Nigeria defended the new import restrictions as being necessary for balance-of-payments purposes, to ensure public health and safety, or to promote local sourcing of raw materials. Some of the export bans, largely of unprocessed agricultural commodities, also aimed to promote export diversification.

The GATT Secretariat acknowledged that certain Nigerian industrial sectors (food, beverages and textiles) have increased their local procurement of raw materials. However, it also argued that import prohibitions had not helped raise the protected sectors' international competitiveness, but had disrupted other sectors dependent on imported raw materials, and harmed the interests of some of Nigeria's trading partners, including the United States, Norway and some neighbouring African countries.

In the Uruguay Round of GATT trade talks, Nigeria has offered to reduce tariffs on a number of imports. But along with other developing countries, it has also pressed hard for improved access to industrialized country markets. With the growing trend toward regional trading blocs, especially in the European Community, Nigeria foresaw "a potential obstacle not only for oil exports but also for other forms of trade [with] the EC-member countries."

ECA PROPOSES FLEXIBLE POLICY MEASURES

Tailoring African adjustment

In place of the kind of across-the-board policy mechanisms often associated with structural adjustment programmes in Africa, the UN Economic Commission for Africa (ECA) is proposing that African governments pursue more flexible and selective measures better suited to achieving the goals of long-term development. While publicly announcing three such "policy instruments" at a late July forum in Lagos, Nigeria, then ECA Executive Secretary Adebayo Adedeji said that their implementation could greatly assist efforts to "set in motion a viable and sustainable process of socio-economic transformation and stability in Africa."

However it is essential, Mr. Adedeji warned, that the policy measures be designed in a way that avoids administrative obstacles and opportunities for corruption.

Specifically, the ECA has recommended the adoption of multiple exchange rates rather than generalized currency devaluation, the introduction of differential interest rates and selective credit controls and the use of agricultural price supports to promote food self-sufficiency. Through their impact on the price system and allocation of resources, the ECA has said, such mechanisms may be able to better target long-term development priorities than would reliance on market forces alone.

Part of 'African Alternative'

These policy instruments have been put forward as part of a broader effort to make the "African Alternative Framework to Structural Adjustment Programmes" (AAF-SAP) more concrete and operational. The African Alternative, launched by the ECA in early 1989, was subsequently adopted by African heads of state and government at the July 1989 summit of the Organization of African Unity, in response to the perceived shortcomings of the short-term structural adjustment programmes (SAPs) recommended by the World Bank, International Monetary Fund and key donor countries.

At the Lagos forum, sponsored jointly by the Pan-African News Agency and the News Agency of Nigeria, Mr. Adedeji noted that the ECA's new proposals, now published under the title *Selected Policy Instruments*, were developed at the request of African finance ministers, who were concerned that the policy mechanisms used with "orthodox" SAPs were ill-suited for achieving the long-term objectives of socio-economic transformation.

Mr. Adedeji noted that the multilateral financial and development institutions have argued forcefully against the kind of policy mechanisms the ECA is now recommending, due to "the pervasive administrative weaknesses of African countries, the lack of appropriate institutional frameworks and endemic corruption." However, to reject using such instruments outright was equivalent to "throwing the baby out with the bath water," he said.

Mr. Adedeji stressed, nevertheless, that for the policy instruments to work properly, they will have to be designed and applied in such a way that "corrupt practices and fraudulent transactions" are discouraged. This could be done by making the schemes as simple as possible, ensuring effective discipline, avoiding an over-concentration of power "in the hands of politicians and civil servants," undertaking fiscal and monetary reforms and establishing an administrative system with clear goals.

Failure of SAP measures

In any case, he observed, the policy mechanisms customarily applied with SAPs have in practice failed to elicit the desired response. According to the ECA's *Selected Policy Instruments*, this is because they assume fully competitive markets and well-developed institutions, while in Africa markets are highly imperfect and financial structures are poorly developed.

Flexible policy instruments — such as multiple exchange rates, rather than generalized currency devaluation — would better meet development goals than reliance on market forces alone.

Across-the-board currency devaluations, for example, are intended to enhance the competitiveness of productive sectors, especially for the export market. But the ECA argues that the rigidities of African production, distribution and consumption structures makes any rapid "switching" of resources into productive capacity very difficult. In fact, by raising the cost of imported productive inputs more quickly than African producers are able to respond to new market incentives, the competitiveness of domestic enterprises is actually eroded. Massive devaluation can also intensify inflationary pressures, the ECA asserts.

ECA argues that price support is still needed to boost food production.

Dual or multiple exchange rates, on the other hand, can provide government planners with a means to channel scarce foreign exchange to priority areas, for example, to import essential productive inputs as opposed to luxury consumer goods.

Similarly, differential interest rates and selective credit controls could make it possible to stimulate savings while channelling credit to priority sectors and key industries. This, the ECA argues, would be more appropriate than reliance on a single interest rate determined solely by market forces, especially in the African context where commercial banking is very underdeveloped.

Because of the importance often assigned to the goal of food self-sufficiency in Africa, the ECA also proposes that carefully targeted price support policies be applied in a way that would provide food producers with greater security and encourage them to improve and expand their output. The ECA report cites the cases of Zimbabwe, Kenya and Malawi, which have achieved self-sufficiency in staple food items, partly through the use of price support systems in which optimal producer prices were set seasonally, in consultation with the farmers themselves.

All three policy instruments suggested by the ECA imply a degree of direct government intervention. To guard against administrative problems that have sometimes been associated with such interventions in the past, the ECA stresses the importance of careful design and implementation, as well as ongoing monitoring to ensure that they function properly and actually benefit the targeted sectors and populations. ■

Global Coalition for Africa sets out its agenda

Efforts at further consensus-building in two areas of key concern in Africa — economic reforms and governance — will form a major part of the activities of the recently established Global Coalition for Africa (GCA) in the first half of 1992. The GCA, which groups senior figures from African and donor governments and multilateral agencies, is also scheduling meetings on regional integration and cooperation, Executive Secretary Boubakar Diaby-Ouattara says.

The GCA's agenda was set out at its first Advisory Committee meeting, held in Paris on 9-10 September. It defined the GCA as a "catalyst for action as a political forum" aimed at furthering the "consensus-building process" between Africa and its development partners. It is not a negotiating forum, Mr. Diaby-Ouattara explains, but a means of finding workable solutions to major issues affecting African development.

The concept of a global coalition was a key proposal in the World Bank's 1989 *Sub-Saharan Africa: From Crisis to Sustainable Growth*, and was extensively discussed between African and donor officials at a meeting hosted by the Dutch government at Maastricht in July 1990. At that meeting, despite concerns from some quarters on the representativeness of the grouping and its possible duplication of the UN's role as a forum for discussion and debate, it was agreed to form a loose political coalition under the co-chairmanship of Botswana President Quett Masire, former World Bank President, Mr. Robert McNamara, an early advocate of such a global coalition, and Dutch Development Cooperation Minister Jan Pronk.

In Paris, the Advisory Committee decided that the task of the GCA was to "move beyond currently unsatisfactory donor/recipient relationship to a more businesslike and partnership approach, where frank and honest exchanges of view can occur." The co-chairmen's report also argued that "maintaining ministerial level participation" in the GCA was essential if its relevance and impact were to be realized. The Committee itself is comprised of an equal number of African and donor representatives, along with heads or senior officials of multilateral agencies, including the UN.

The meeting set out four priority areas for GCA work: governance and democratic transition; regional economic integration and cooperation; population growth, agricultural development and environment; and monitoring resource flows to Africa. It decided to set up two committees to further action on the issue of governance and democracy and on sharing experiences on economic reform. The latter, under the chairmanship of Ghana's Secretary for Finance and Economic Planning Kwesi Botchwey, held its first meeting in Accra in December.

Mr. Diaby-Ouattara, an Ivorian businessman and a former executive secretary of the Economic Community of West African States (ECOWAS), says the committee was expected to explore the lessons to be learnt from the adjustment experience, in order to benefit both those undertaking reforms and those countries which, in the words of the co-chairmen's report, are "still unconvinced." "The bottom line is to make the process of reform more African-owned; to internalize it," Mr. Diaby-Ouattara explains. In addition to its evaluation brief, it will also try to help mobilize local expertise with a view to building up indigenous economic management capacity.

The GCA's task is to "move beyond the currently unsatisfactory donor/recipient relationship to a more businesslike and partnership approach, where frank and honest exchanges of view can occur."

Governance and democracy

The committee on governance and democracy is expected to begin its work in January. The GCA provides a "unique forum" for building a consensus on this issue, the co-chairmen's report concluded and suggested that the "convergence" of disarmament, democracy and development should be highlighted in future work.

Explaining the committee's purpose, Mr. Diaby-Ouattara says it will try to explore what the international community can do to support democratic trends in Africa and to help sustain democracy over the long term. He argues that Africa has already made clear that it wants democracy. The task now is to determine the concrete steps needed to establish the appropriate institutional framework and policies. "Africa should not be lectured on the principles of good governance," the Paris report says.

Executive-Secretary Boubakar Diaby-Ouattara

Addressing the issue of whether good governance and democracy should be a determining factor in donor aid programmes, Mr. Diaby-Ouattara stresses the importance of Africans determining what should be the basis for their relations with donors and not just the North setting the agenda. "Conditions must be negotiated, not imposed; there has to be a consensus," he says.

In their final communique, the GCA co-chairmen also stressed the need for good governance at the international level, including "appropriate measures and control for business practices" and greater progress in untying aid.

Monitoring financial flows with a view to assisting African countries to obtain "adequate" resources is another job the GCA believes it is suited to do. The Paris meeting also offered the GCA as a medium for monitoring the implementation of any new UN programme on Africa. The offer, which was also supported by the United States and the World Bank, however, was not taken up by the UN General Assembly (see page 1).

The Paris meeting also suggested that the GCA could assist African countries in their preparations for the 1992 UN Conference on Environment and Development.

The GCA has scheduled its second Advisory Committee meeting for May in Kampala, where progress on regional integration is expected to be a "central" issue. Prior to the meeting, the GCA is also planning a session with non-governmental organizations. ■

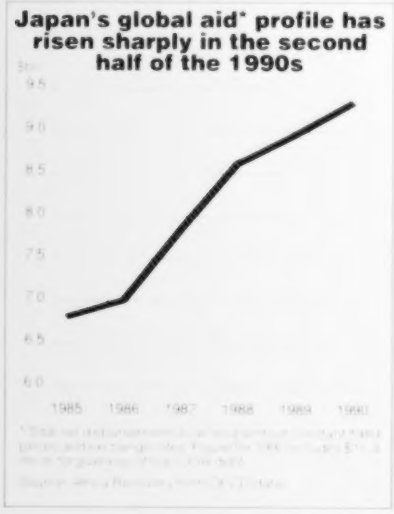
REFLECTS GROWING AID PROFILE

Japan plans for Africa summit

By Roy Laishley

Confirming its increasingly prominent role in Africa's recovery efforts, Japan is to host a major summit conference for African leaders in 1993. Ambassador to the UN Yoshio Hatano announced recently. Japan, which vies with the United States as the world's number one aid donor, generally commits over $1 bn into Africa every year, and while many other donors are cutting back on aid, Japan has pledged to continue to expand aid flows to the region.

"The world is changing and Africa with it," Japan's Deputy Ambassador to the UN Katsumi Sezaki says, pointing out that many African countries are undergoing fundamental economic and political reforms. "Expectations for international cooperation are also rising," he argues and his government believes it is important that donors and recipients are able to exchange frank views on priorities.



"Greater efforts" are needed to enhance mutual understanding so that "the actual needs and aspirations" of aid recipients can be identified and "realistic objectives" determined, Ambassador Hatano told the opening session of the September review of the UN's programme of action for Africa.

Ambassador Sezaki stresses that his government's priority is to hear what African countries are really concerned about and want to discuss. International issues such as debt relief or trade regimes could also be discussed. But the major focus of the conference is expected to be on what Japan can do in its bilateral relations to enhance Africa's efforts at economic recovery and development.

At the moment four major themes have been identified for "frank discussion": development strategy, official development assistance, trade promotion and direct investment. Ambassador Sezaki stresses the importance of discussions on development strategies which can ensure that priority goals and the most appropriate ways to realize them are understood. He does not discount the possibility that issues such as political reform could come up. But he argues that, for Japan, "democratization should be encouraged, but is not an absolute conditionality for extending aid." He points out that it has not been, historically, a prerequisite for economic progress in a number of Asian countries. However, he acknowledges that good governance — the "effective use of money" — is an issue of concern to many donors.

Ambassador Sezaki, one of Japan's most experienced diplomats in Africa, has recently toured 11 African countries to discuss the proposed conference. He reports a very positive response, and a general welcoming that Japan is assuming an assertive role on international cooperation issues.

The hope of developing countries of significant growth in aid lies mainly with Japan, the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) has recently argued. Japan has generally been the second largest provider after France of official development assistance to sub-Saharan Africa in recent years. It was the largest contributor to the 1987-90 first phase of the World Bank's Special Programme of Assistance (SPA) for low-income, debt-distressed African countries.

Greater efforts are needed to enhance mutual understanding so that the actual needs and aspirations of aid recipients can be identified and realistic objectives determined.

Ambassador Yoshio Hatano

Ambassador Yoshio Hatano

At least 16 African heads of state — of countries where Japan has embassies — will be invited, but it is expected that others will also attend. In addition, Japan is considering inviting representatives from multilateral agencies, such as the World Bank, UN Development Programme, UN Economic Commission for Africa and African Development Bank, and possibly bilateral donors as well.

Role for private sector

With trade and investment on the tentative agenda, the private sector is also likely to figure at the 1993 summit. The government intends to invite Japan's most prominent private sector organization, the Keidanren, to the conference. Ambassador Sezaki says it will be up to African countries to determine how their private sectors might be represented at the conference. But going to the heart of one of the world's largest trading and investing nations, African countries can be expected to ensure that all potential sources for increased cooperation are tapped. The conference is tentatively scheduled to take place in Tokyo in May 1993. Details are expected to be firmed up at a preparatory session in September 1992 to which a six-member task-force of deputy ministers of finance and/or planning from Côte d'Ivoire, Kenya, Nigeria, Senegal, Zaire and Zimbabwe will be invited. Among its other business, this meeting is expected to fix the agenda. ■

FOCUS ON NEW AGENDA FOR AFRICA

Midnight, 13 September: African delegates meet to discuss their position on the final draft that had been tabled. From left, Assistant Secretary-General for the OAU, Mr. Browson N. Dede; Mr. Sadig Rasheed, Secretary of the UN Inter-Agency Task Force which prepared the Secretary-General's report; Mr. L'Houcine Ait El Mahjoub of Morocco; Mr. M.A. Akpobasah, Director General, Ministry of Budget and Planning, Nigeria; Mr. Kwaku Duah Dankwa, of Ghana; Mr. Charles Sanga of Tanzania; and Ambassador Ibrahima Sy of the OAU.

New Agenda

from page 1

changes to ensure that they "reflected realities." He also said the US would have preferred a clearer emphasis on "improved governance and accountability." This was a view shared by many other donor countries, while on the question of debt, it was only the US which wanted changes in the draft of the New Agenda that had been arrived at after the 3-14 September session of the Ad Hoc Committee of the Whole, held to assess the 1986-90 UN Africa Recovery Programme.

Ambassador Martin Huslid of Norway, who chaired that negotiating session, told a press conference after the 18 December adoption of the New Agenda that the Agenda was "a document of faith in Africa, and in its determination to carry out the commitment to reforms and transformation." He acknowledged that "it was not a perfect document," and "was not so rich in concrete figures," but said that it had firmly placed Africa on the UN agenda for all of the 1990s. It was a major improvement on the 1986 UN Africa Recovery Programme — which all parties acknowledged was not a success — because it had a precise "review machinery" that was missing in the earlier Programme, and because it tackled the most pressing issues — debt relief, commodity prices and development assistance — in greater depth.

While the negotiations on all the specific elements of the New Agenda were some of the toughest ever encountered by African countries at the UN, there was full agreement that Africa had the primary responsibility for its own development, but that the international community accepted a "shared responsibility" in achieving the continent's goals. Within this context, the principal priority objectives were "the accelerated transformation, integration, diversification and growth of the African economies, in order to strengthen them within the world economy, reduce their vulnerability to external shocks and enhance self-reliance".

To achieve this, the Agenda is specific and clearly focused on goals and targets to be achieved. These include:

- An average real growth rate of 6 per cent a year of gross domestic product (GDP) throughout the period of the Agenda "as a desirable objective."

- To achieve this rate of growth, the Agenda cites the finding of the United Nations Secretary-General that $30 bn in net official development assistance (ODA) was required in 1992 (as opposed to $21 bn in 1989, the most recent figure available), after which it would need to grow at a rate of 4 per cent a year. The Agenda commits the international community to provide additional resources for Africa, "bearing in mind these targets."

- The international community recognized that additional resources will be needed for African efforts to diversify Africa's economies away from their heavy dependence on the export of primary commodities, and agreed also that the Secretary-General should present to the General Assembly in 1993 a study on the need for, and the feasibility of, a "diversification fund" for that purpose.

- The Agenda recognizes that the debt burden is a "serious threat" to Africa's recovery and development. The international community, "in support of Africa's economic reform efforts, undertakes to seek to find durable solutions to the African debt crisis."

- More specifically, the Agenda commits the creditors to further cancellation or reduction of ODA debt; additional relief for official bilateral debt; and en-

couragement of the write-off or swapping of commercial debt.

For their part, the Africans pledged to transform the structure of their economies by continuing "with necessary reforms and pursuing improvement of domestic economic management, including effective mobilization and utilization of domestic resources." In addition, they enunciated their continuing commitment to promoting regional and subregional economic cooperation and integration; intensification of the democratization process; creating an enabling environment for investment; protecting the environment through sustainable development; working to integrate population factors more effectively in development programmes; and pursuing policies in support of agriculture, rural development and food security.

In addition to governments, NGOs were active participants at the two-week September session and they used this opportunity to speak out strongly against structural adjustment programmes which, they argued, have an adverse impact on the poor.

"The New Agenda represents the international community's collective effort to put Africa back on the global agenda and to launch a meaningful programme of economic development."

— Ghana Ambassador Kofi Awoonor

The disagreements

As the delay in the final adoption of the Agenda indicated, there were wide differences between the African and donor positions on a number of central issues. No definitive agreement could be reached during the two-week September session — whose last negotiating session concluded at 2.30 a.m. on 14 September — since many donor delegates felt that the New Agenda text that they had finally agreed on needed the approval of more senior government officials. Even then, when the General Assembly took up the Agenda on 7 November, Chairman Hushid felt that "the matter was safely in the harbour," a belief underlined by the fact that all the donor delegations indicated their willingness to go along with the text. The US, however, wanted changes on the issues of good governance — which they eventually decided to forego — and of debt relief, which they succeeded in obtaining.

From the very first day of the two-week September session of the Ad Hoc Committee of the Whole, it was clear that there were wide differences between the donors on the one hand, and the UN and Africans on the other. For example, donors questioned the bleak assessment contained in the comprehensive report of the UN Secretary-General on the UN Africa Recovery Programme. While the Secretary-General had concluded that economic and social conditions worsened in Africa over the 1986-90 period, donors insisted that if one looked at the economic performance of "reforming countries" only, one would discover "measurable gains," in the words of Mr. Scott Spangler, Assistant Administer (Africa) of the US Agency for International Development.

Similarly, while the Secretary-General's report pointed to the loss of $50 bn in African income in the 1986-90 period because of falling commodity prices, Mr. Edward Jaycox, Vice-President for Africa of the World Bank, said the larger problem in the commodity area "was Africa's lack of competitiveness."

Interestingly, candid donor criticism of African policies extended beyond the US and the European Community to the Nordic countries, who historically have been the most sympathetic and generous toward Africa. Ambassador Lars-Olof Edström, of the Swedish Foreign Ministry, for example, said that "to a not insignificant degree the present difficulties are of the continent's own making.... It is true that economic readjustment programmes under the auspices of the World Bank and the IMF also can have politically or socially negative consequences in the short run. But it should be held in mind that the root cause of such effects are to be found in the policies that necessitated the introduction of such programmes."

Both the Secretary-General's report and African statements acknowledged Africa's own mistakes, but on the whole they focused more on the international economic environment as the primary cause of African decline. The then Zambian Minister of State, Mr. J.C. Chizu, catalogued the workings of this "unfavourable environment." "African farmers are working harder, but they are earning less and less," he said. "The same quantity of exports earns far less on the world market now.... Commodity agreements have also collapsed.... African debt has continued to soar, and resources to Africa have declined. There has been no easing of non-tariff barriers."

These fundamental differences over the assessment of economic conditions in Africa, the role of the external environment in the crisis, and on whether structural adjustment programmes are working (see box next page) meant inevitably that the negotiations between Africans and donors were some of the toughest on record. The two-week committee session in September needed therefore to be extended by another day, and even then the agreement reached was adopted *ad referendum*, allowing

From left to right: Mr. Wim Wessels of the EC; Mr. Edward Marks of the US; and Mr. Shaukat Fareed, who played a principal UN Secretariat role in communicating between the African and donor delegations.

governments to re-open debate in the General Assembly.

For the September session, the document the delegates had to work with was the Secretary-General's report, which had been carefully crafted over the previous nine months by experts from various United Nations agencies. The heart of the final Secretary-General's report was that any new UN plan for Africa should contain specific goals and targets in place of the generalized commitments contained in the UN Africa Recovery Programme.

These included, in addition to the target of a 6 per cent GDP growth rate for Africa, a clear call for bold action to substantially reduce the continent's crippling external debt burden and a proposal that development aid reach $30 bn by 1992, increasing four percent a year thereafter. It also urged concerted efforts to improve elements of the global economic environment which inhibit African recovery, particularly efforts at increasing incomes from exports and diversification of African economies.

The African group agreed to the Secretary-General's proposals, but there was strong opposition from the donors on two grounds: they did not want to commit themselves to any targets they might have trouble meeting, and they also did not want to make broad, continent-wide pledges, preferring to deal with issues on a case-by-case or country basis. As Edward Marks of the US said, the donors wanted to ensure that the New Agenda reflected commitments they were serious in pursuing. In addition, donors were concerned about the precedents that might be set for other regions in any concessions they might make to Africa.

The donors did not want to commit themselves to any targets they might have trouble meeting. They also did not want to make broad, continent-wide pledges, preferring to deal with issues on a case-by-case or country basis.

So in the end, while most of the targets in the Secretary-General's report were incorporated into the New Agenda, the language used made it clear that the donors were not pledging themselves to meeting those targets and considered them more as guidelines.

Amendments on debt

Debt was by far the most difficult element in the negotiations. The Secretary-General had stated, simply and categorically, that "it is simply not possible for African countries to develop under an existing debt burden of $270 million." That debt is nearly 110 per cent of Africa's total annual GNP (compared to less than 50 per cent for Latin America); servicing it cost Africa over $23 billion in 1990 alone. There is universal agreement that this is an intolerable burden for Africa, and the Group of Seven industrialized countries has also regularly affirmed at its summits that such debt relief is essential. Action, however, has been slow, and despite some important debt forgiveness, debt servicing payments in 1990 were reduced only by $100 million as a result of the Group of Seven's Toronto initiative. The Trinidad terms proposed by the United Kingdom in 1990 have not yet led to any substantial debt-service relief for Africa either.

The Secretary-General had therefore proposed that for the poorest, most indebted African countries, all official bilateral debt, as well as semi-official and export credit debt, "be canceled." He also recommended that private, commercial debt be written down and that donors support initiatives to reduce such debts through debt-equity swaps, debt-for-environment schemes, etc.

Finally, in what would later prove to be a contentious point, the Secretary-General recommended that debt owed to multilateral financing institutions (such as the World Bank and International Monetary Fund) be "substantially reduced" with the assistance of donor countries. Almost 40 per cent of sub-Saharan Africa's debt-ser-

A DEVELOPMENT EXPERT ADVISES CAUTION:

How well is adjustment working?

Adjustment is working in Africa. That is the claim donor governments and institutions have been making with great force throughout this year. Indeed, the final review of the UN Africa Recovery Programme adopted by the General Assembly on 18 December states that "in general, the results achieved by those countries that have embarked on structural transformation have been better than those of countries which have not." And Mr. Edward Jaycox, Vice-President for Africa of the World Bank, in a press luncheon soon after the September UN session, was quoted as saying some adjusting African countries had accomplished "economic miracles."

But Prof. Hans Singer, one of the world's leading development experts, now at the UK's Institute of Development Studies, contends that in terms of incomes or human welfare, adjusting countries have done no better than non-adjusting ones. And he does it, he says, using the World Bank's own evidence.

Using changes in terms of trade to adjust GDP, to measure performance in terms of income or welfare — known as GDY — Professor Singer in a recent paper compares the relative performance on this indicator between adjusting countries benefitting from the World Bank's Special Programme of Assistance (SPA) and non-SPA countries. Comparing changes in 1988-90 terms of trade with just one year, 1987, Professor Singer estimates the growth in GDY for SPA countries was only 2.8 per cent, while that of non-SPA countries improved by 2.7 per cent; the difference between the two categories, as Professor Singer observes, "has virtually disappeared."

Professor Singer's comments reflect a widespread concern that while adjustment programmes may be succeeding in improving some macroeconomic indicators such as GDP and the balance of payments, they have done little for, or even worsened, living conditions, employment opportunities and services. "I have this nightmare," one African central bank governor recently said, "that we get all the basic indicators right, but poverty is still expanding."

The failure of adjustment programmes to tackle these aspects has become critical in the opinion of some people given the admission by donors that adjustment is taking considerably longer than anticipated. Mr. Percy Mistry, of Queen Elizabeth House, Oxford University, for one, has recently been sharply critical of the World Bank for its failure to accommodate the implications of a longer time span into the design of

vicing obligations are now to multilateral institutions.

When the draft of the New Agenda was finally negotiated in September, the proposal on official bilateral debt was altered to include an option for reduction of such debt, not just outright cancellation. The recommendation on private commercial debt, while incorporating most of the Secretary-General's language, eliminated any reference implying donor government action on private debt. The draft of the New Agenda also included a proposal that "serious consideration" be given to reducing Africa's multilateral debt obligations.

The most significant amendment to the New Agenda, as adopted on 18 December, concerned this last point. The earlier reference to reducing multilateral debt payments was eliminated, and replaced by an emphasis on "a growth-oriented solution of the problems of African developing countries with serious debt-servicing problems, including those whose debt is mainly to official creditors or to multilateral institutions." Mr. Marks, the US representative at the 18 December session, stressed that it was important to avoid any action that might undermine the credit-ratings of the multilateral institutions.

Commodities

Africa's heavy dependence on commodities for its external income is one of its greatest weaknesses, especially since prices of these commodities have declined virtually every single year since 1980. As a result, the purchasing power of Africa's exports had declined at the end of 1989 to 59 from a base of 100 in 1980, while every other world region had seen an increase in that period, with Latin America at 109 and the developed countries at 168.

So the Africans had supported the Secretary-General's call for the establishment of an African Diversification Fund which would help the continent diversify its economies. The compromise agreed upon in the Agenda was for the Secretary-General to undertake a feasibility study of whether such a fund was needed, and if so, whether it could be successfully established.

At the press conference upon the adoption of the Agenda on 18 December, Ambassador Huslid was asked by a correspondent if the Agenda was an unequal document, since donors could place conditions on their aid, while there were no corresponding conditionalities that Africa could impose.

"I could not argue with that," said Ambassador Huslid. "We live in an unequal world." ■

Participants in the New Agenda negotiating session, left to right: Mr. Joseph Acakpo-Satchivi, Secretary of the Ad Hoc Committee; Mr. Jeremie Ndayiziga of Burundi; and Ms. Dawlat Hassan of Egypt.

adjustment programmes.

However, Mr. Edward Jaycox contrasted the average 4 per cent growth rate achieved in 1988-90 for the 20 core countries of the World Bank's Special Programme of Assistance (SPA) with the 1 per cent average they were experiencing at the start of the 1980s. And Mr. Camdessus made a similar observation for countries undertaking reforms with assistance from the IMF's enhanced structural adjustment facility. Their real GDP had grown by an average 4.2 per cent a year over the last three to four years, compared with an average 2.6 per cent in the three year period before these programmes, he said.

Mr. Camdessus repeated his case at his address to the annual meetings of the IMF and World Bank in Bangkok (see page 6), and again in the pages of the joint Fund/Bank publication *Finance and Development*. Mr. Camdessus concedes that "the short-term gains may be slight, particularly in per capita terms." But in an upbeat assessment he told finance ministers in Bangkok that "if this growth continues, in the longer term it will result in a fundamental improvement in living conditions."

The same note of optimism appears in the latest annual report of the World Bank. It contrasts the performance between 20 SPA countries and an equal number of non-SPA economies. The average 4 per cent growth in real GDP achieved by SPA countries in 1988-90 is contrasted with 2.2 per cent achieved by non-SPA countries. SPA countries also showed an improved performance, both compared with the early 1980s and with non-SPA countries, across a range of economic indicators, the Report suggests.

It points out that the improved SPA performance was despite a worsening in terms of trade for the 20 countries during 1988-90, compared with earlier periods, and with non-SPA countries experiencing a less severe decline in trading conditions.

Critics, however, also point to the general failure of adjustment so far to significantly raise domestic savings and investment rates to cast doubt on donor claims that, even though programmes may bring short term pain, they are laying the necessary groundwork for future growth. In the Bank's own analysis, while domestic investment in SPA countries reversed its previous decline during the 1980s, as a ratio of GDP, its significance was little changed — from 18.4 per cent in 1980-84 to an average 19.3 per cent in 1988-90. The ratio of gross domestic investment to GDP, at 19.6 per cent, was in fact marginally higher. And for the equally crucial ratio of domestic savings to GDP, non-SPA countries averaged 8.8 per cent in 1988-90, compared with 4.9 per cent in SPA countries, although the latter figure, while still inadequate for financing future growth needs, was an improvement on the earlier SPA average of 2.9 per cent.

UN's New Agenda for Africa

The UN's "New Agenda for the Development of Africa in the 1990s" sets out a clear and focused path for transforming the socio-economic situation of Africa. Below are extracts, highlighting the major goals and targets of the new programme.

African governments are committed to providing the necessary resources to food producers, particularly women.

General economic goals

A desirable objective should be an average real growth rate of at least 6 per cent per annum of gross national product (GNP) throughout the period of the new Agenda in order for the continent to achieve sustained and sustainable economic growth and equitable development, increase income and eradicate poverty.

The new Agenda also accords special attention to human development and increased productive employment, and promotes rapid progress towards the achievement of human-oriented goals by the year 2000 in the areas of life expectancy, integration of women in development, child and maternal mortality, nutrition, health, water and sanitation, basic education and shelter.

Africa's task

African countries will persist with necessary reforms and pursue improvement of domestic economic management, including effective mobilization and utilization of domestic resources.

Africa is resolved to pursue with vigour the policy of achieving effective **regional and subregional economic cooperation and integration** and is thus committed to the establishment of the African Economic Community.

Africa is convinced that growth and development on a sustained and sustainable basis can come about only as a result of the full participation of the people in the development progress, and to this end continues to be committed to pursuing the process of **democratization.**

Africa is also committed to the **creation of an enabling environment** that attracts foreign and domestic direct investment, encourages savings, induces the return of flight capital and promotes the full participation by the private sector, including non governmental organizations, in the growth and development process.

Africa is fully committed to the promotion of **sustainable development** at all levels of socio-economic activity.

Africa will continue the efforts initiated under the Kilimanjaro Programme of Action for African Population and Self-Reliant Development in 1984, which currently constitutes Africa's framework for devising and implementing national **population policies,** in all their interrelated aspects, including a reduction in maternal and child mortality and provisions for family planning and female education and the achievement of substantial and sustained increases in the quality of life and standard of living of the entire population.

Africa is committed to the continued pursuit of policies and strategies in the **agricultural and rural development** sectors in order fully to integrate rural economies into their national contexts and to achieve food security and strengthen self-reliance in food. Africa is committed to the improvement of agricultural policies, the enhancement of agricultural productivity, the improvement of distribution mechanisms, and the establishment of reliable market schemes, credit system and adequate storage facilities.

The focus of the international agenda on popular participation, human resource development and capacity-building calls for an increased role for **non-governmental organizations** (African and non-African) in various areas, including the promotion of indigenous small-scale businesses, especially in the rural sector, community development projects, training etc.

"Africa's development is primarily the responsibility of Africans. The international community accepts the principle of shared responsibility and full partnership with Africa and therefore commits itself to giving full and tangible support to the African efforts."

New Agenda for the Development of Africa in the 1990s

International community's task

Debt Africa's debt burden constitutes a critical bottleneck constraining the recovery and development of the continent. Therefore, a major priority is to tackle Africa's external debt problem which is a serious threat to the continent's recovery and long-term development prospects.

This situation calls for innovative and bold measures to solve Africa's debt problems and the intensification of efforts in the context of the evolving international debt strategy on the part of all concerned. The international community, therefore, in support of Africa's economic reform efforts, undertakes to seek, to find durable solutions to the African debt crisis.

Recognizing the magnitude of Africa's debt problem, the measures envisioned by this new Agenda could include:

- A further cancellation or reduction of official development assistance (ODA) debt and debt service;
- Additional relief for official bilateral debt or debt service;
- Encouragement of the write-off of private commercial debt and the use of such techniques as debt-equity swaps, the use of debt where appropriate for the establishment of export-oriented joint ventures, debt buy-backs, debt for environment schemes and debt for poverty alleviation through greater use of appropriate facilities;
- Serious consideration to continuing to work towards a growth-oriented solution of the problems of African developing countries with serious debt-servicing problems, including those whose debt is mainly to official creditors or to multilateral institutions;
- Early implementation of the IMF quota increase....

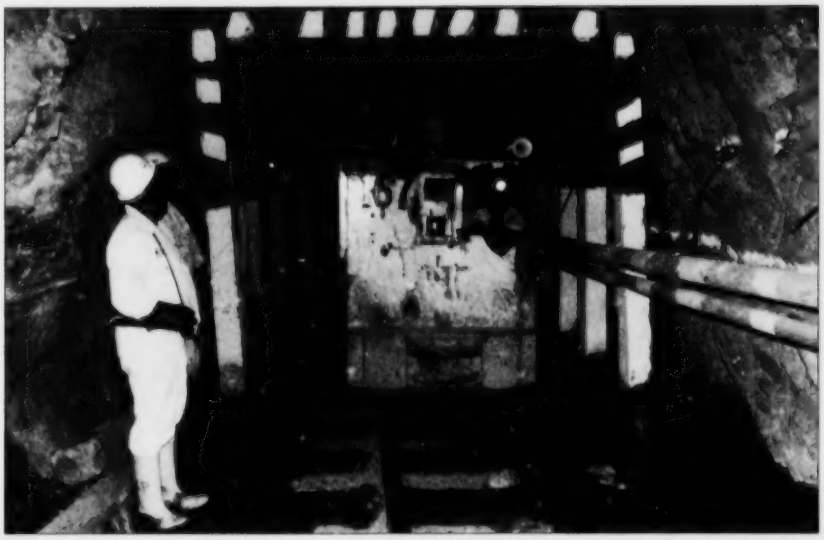
Additional measures should take into account the need for Africa to benefit from new financial flows, particularly ODA.

Resource flows To achieve an average annual growth rate of real GNP of at least 6 per cent by African countries over the course of the 1990s the Secretary-General of the United Nations has estimated that a minimum of $US30 billion in net ODA is required in 1992, after which the real net ODA would need to grow at an average rate of 4 per cent per annum. The international community undertakes to pursue its efforts to provide additional resource flows to Africa which will complement domestic efforts and financial resources, bearing in mind these targets. The international community also reaffirms its commitment to work in order to attain the accepted United Nations targets of devoting 0.7 per cent of GNP to ODA as well as the agreed targets established at the Second United Nations Conference on the Least Developed Countries.

The international community would introduce measures and devise programmes to encourage direct foreign investment in African countries....

Commodities In order to support effectively efforts to diversify commodity exports and boost earnings, the international community, particularly the major trading partners, commit themselves to grant improved market access to Africa's exports through substantial reduction in or removal of trade barriers. To this end, the international community should ensure an early balanced and successful conclusion of the Uruguay Round. The international community commits itself to correct imperfections in commodity markets.

In the short term, the international community recognizes the importance of compensatory financing through such schemes as the IMF's Compensatory and Contingency Financing Facility, STABEX, SYSMIN and the Swiss Compensatory Financing Programme and, where appropriate, will examine the means of improving the scope and operations of these schemes. Efforts at international cooperation among producers and consumers of commodities of particular importance to Africa should be renewed, with a view to increasing export earnings of Africa from such commodities through processing and technical assistance.



Zambia copper mine. Since heavy dependence on commodity exports is one cause of its economic difficulties, Africa is seeking international support for its diversification efforts.

Diversification While...diversification is primarily the responsibility of African countries, the international community recognizes that additional resources will be required to support Africa's diversification programmes....

A study on the need for and the feasibility of the establishment of a diversification fund for Africa's commodities should urgently be undertaken by the Secretary-General for presentation in 1993 to the General Assembly....

Role of UN and follow-up

The United Nations system should play a major role in the implementation of the international Agenda...[through] specific programmes for Africa which are consistent with the elements of the Agenda, and devote adequate resources for their implementation. In this regard, special consideration should be given to programmes that are essential in fostering the economic integration of the African region....

The United Nations system should also contribute to ensuring an efficient follow-up and monitoring of the implementation of the international Agenda. Specifically, a continuous assessment of Africa's performance in the areas outlined in the agenda would have a great impact in maintaining the momentum within and outside Africa and, eventually, for renewed commitments to the agreed objectives and targets. ■

Monitoring the new agenda

The UN General Assembly has agreed a timetable for its monitoring of the new international Agenda:

1993: General Assembly will consider a report by the Secretary-General on the implementation of the Agenda.

1995: The Economic and Social Council will consider implementation of the Agenda.

1996: General Assembly will conduct a Mid-Term Review of implemen tation of the Agenda.

1998: The Economic and Social Council will consider implementation of the Agenda.

2000: General Assembly will conduct the Final Review and Assessment of implementation of the Agenda.

UNPAAERD speeches debate issues

Extracts from speeches at the opening session of the two-week review of UNPAAERD held in New York, 3-13 September.

United Nations Secretary-General ***Javier Perez de Cuellar:*** The economic situation of most of the African countries today, particularly those of the Sudano-Sahelian region, belies the optimism that was generated when the Programme was adopted. Over the last five years, economic and social conditions in Africa actually deteriorated.... The goal in 1986 to reverse economic decline and institute sustainable recovery in Africa by 1991 has not been achieved.

We realize...that a much greater effort and a much stronger commitment on the part of African countries, as well as their partners in the compact, is required over a sustained period, if Africa is to be set firmly on the road to sustainable economic development.

Political and human solidarity with Africa has not diminished. But this partnership needs to be made more operational....Africa intends to make human development and the enhancement of its citizens the major objective of its efforts. With 30 million children, women, and men facing severe food shortages, with over 150 million in abject poverty, and over 250 million illiterate, no one can disavow or challenge this objective.

I have proposed specific international actions, most important among which is the reduction of Africa's external debt. This debt, while being of little value to its creditors, is a major obstacle to Africa's efforts for recovery and development. Nothing would better demonstrate the deep concern and solidarity of the international community for Africa's development crisis than a bold action on debt relief.

UN Secretary-General Javier Perez de Cuellar addresses the opening session.

Improved governance in Africa will need to be matched by improved international governance, where policy-makers accept that farmers in developing countries have the same right as those in industrialized countries to seek fair prices for their products, and that this right is acknowledged in the management of international commodity trade. ■

AFRICA

Delegates emphasized the failure of UNPAAERD and the need for a new, more action-oriented agenda which, as well as spelling out the responsibilities of African countries, would also tackle such external constraints on development as debt.

NIGERIA

Minister of Budget and Planning ***Chu Okongwu*** *(speaking on behalf of the Organization of African Unity)*

During the life-span of [UNPAAERD], African economies did not witness any significant change for the better....from all economic indicators, the continent of Africa appeared to have been by-passed by [the] positive developments in the world system.

African countries were required to make...adjustments and achieve economic growth in the face of severely compressed incomes and rising debt over-hang. This is an impossible dilemma. Not surprisingly the results achieved have been mixed — while some countries have achieved significant results, many are still to reap the fruits of their effort in any meaningful way. The hardships caused by the decline in incomes were so severe that structural adjustment came to be associated with privation in several countries.

A new agenda with clearly defined objectives and measurable goals must be drawn up between the African continent and the international community. The New Agenda should strive to achieve at a minimum...to enhance the long term viability of our economies; to free the imagination and enterprise of all segments of our people on the urgent task of self-development; to emplace a framework of rational incentives; to stress human resources development; to eliminate the distortions in our economies and promote our competitiveness; to employ prudent state-craft anchored on social justice and the notion that the state should be a facilitator of people's efforts.

The basic goal envisaged in this New Agenda is to bring about accelerated economic and social transformation of Africa. That poses as much a challenge to the international community, as it does to our continent itself...progress cannot be made, in the face of the overwhelming constraints, in the external environment, when our hands and feet are tied.

African governments and peoples have already mapped out their goals and strategies. By adopting the African Charter for Popular Participation in Development and Transformation, the African governments have committed themselves to a new development ethic, in which people are to be fully involved in the development process. To succeed in this quest, the international community must, however, assume its full complementary role by fully supporting the African effort in a timely and adequate manner. ■

# of debt, governance, and aid flows

ZAMBIA

The then Minister of State ***J. C. Chizu*** *(speaking on behalf of the Economic Commission for Africa's Conference of Ministers of Economic Development and Planning)*

[UNPAAERD] coincided with democratization processes both inside and outside the region. However, at the same time, the international economic environment which might have supported these movements has not been a favourable one. At their meeting at the Economic Commission for Africa in May 1991, the African Ministers responsible for planning and development reviewed and appraised the implementation of UNPAAERD, and came to the conclusion that it had not succeeded as envisaged.

The African people have implemented several of the reform measures contained in the [UNPAAERD] Programme of Action....The African farmers are working harder, but they are earning less and less. The same quantity of exports earns far less on the world market now compared to 10 years ago....commodity agreements have also collapsed....African debt has continued to soar, and resources to Africa have declined. There has been no easing of non-tariff barriers.

It is now widely recognized that the 1980s generation of structural adjustment programmes have been deficient because they were short-term in character....We have worked out new strategies aimed at the complete transformation of our economies, and the improvement of the living standards of the African people.....in spite of these initiatives, African states cannot expect to achieve development by individual effort. Regional cooperation remains an essential mechanism. The lack of indigenous commodity markets, the preponderance of small, fragile economies, and the absence of major infrastructure for trade and transport make cooperation among countries a major priority, and one which must be taken more seriously than it has been in the past.

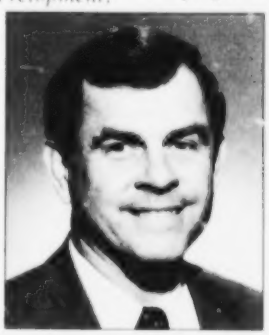
Africa cannot accomplish [the] task of achieving collective self-reliance without the assistance of the international community. Some of the problems Africa faces are exogenous ones, over which they have no control. That is why, at the meeting of Ministers of the Economic Commission for Africa in Addis Ababa this year, after assessing the implementation of UNPAAERD, we concluded that what was required was a new agenda for international cooperation. ■

DONORS

Donors committed themselves to continue working in partnership with African countries for the continent's development. They pledged enhanced support for countries undertaking market-related economic reforms, but were not specific on the action they would be prepared to take.

United States

Assistant Administrator, Bureau for Africa, Agency for International Development, ***Mr. Scott Spangler***



Africa is at a critical and very positive turning point....The [UN] Secretary-General's report... concluded that UNPAAERD had failed, and reform had not produced results, because Africa as a whole did not achieve positive per capita growth.

That is true as far as it goes. However, this does not tell the whole story. In actual practice, only about half of African governments undertook serious and sustained economic reform. These countries did receive special assistance and debt relief from many of the donors, allowing them to meet financing needs. As a result of their own reform efforts and this support, these countries did make measurable gains during the UNPAAERD period. Compared to the pre-UNPAAERD, pre-reform period, they did better in terms of economic growth, export performance, and food production.

The real problem was that these gains were not universal. Countries that did not undertake serious reform continued to decline during the UNPAAERD period....This poor performance by the non-reforming countries offset the gains by reforming countries, causing continent-wide figures to be negative.

We feel that the 6 per cent growth target discussed in the Secretary-General's report is a good goal. However, we also believe that this goal can only be achieved if the governments and people of the African countries are willing to make radical new departures in their approach to development.

First, and most basic, Africa needs to shift from a government-dominated approach to development to a private sector-led approach.... Second, Africa needs a rebirth of agriculture.... Third, Africa needs a basic restructuring and redirection of government.... In this connection we are very pleased to see the strong movements in many African countries toward democratization, which we believe will lead to better governance and fiscal accountability.

If African countries were willing to embrace this agenda for change, we feel that they would deserve an exceptional level of donor support.

However, the original UNPAAERD notion of trying to create a continent-wide compact should be abandoned.... Our proposal would advocate national-level compacts. ■

European Community

Ambassador to the UN for The Netherlands, ***Mr. Robert Van Schaik***

We agree with those who expressed disappointment at the way UNPAAERD has functioned as a catalyst for positive changes in Africa. This was partly due to its broad, general character....We think that it may be possible through an agreed Agenda for Action for the coming years to give a firmer common basis to efforts to be undertaken by the African countries and the international community to achieve an improvement of the prospects for Africa. But any such Agenda for Action should not be too general, it should rather focus on a certain number of sectors. We could mention in that respect infrastructures, human development, food and agriculture, commodities, human resources, population and debt.

In some respects it seems that the nightmare scenario is unfolding, although some countries, some regions within Africa managed to achieve positive results....At the same time...these negative figures and statistics should not lead us to the conclusion that the only news about Africa is bad news.

Responsible leadership is rising to the challenge in an increasing number of, although not in all, African countries....There is also a new awareness of the fact that Africa is primarily responsible for its own fate. This new awareness is reflected in increased demands on governments from African citizens to channel scarce resources to priority areas...to enhance the efficiency and effectiveness of public expenditure.

Part of this process is the growing indignation over the waste of scarce resources on military expenditure, civil strife and civil war, not to mention the waste of life and the unnecessary, self-inflicted human suffering.

We believe there is a broad consensus on the development strategy for Africa for the nineties...that it should be put in a long term perspective, that it should be human-centred, that sound macro-economic policies remain necessary, that it should take environmental considerations into full account, that it should be growth-based, that regional cooperation and integration should be promoted, and that sufficient attention should be paid to the demographic problems confronting Africa.

We look positively to the New Agenda for International Cooperation with Africa for the 1990s as presented by the OAU, and support in general the broad principles embodied in this Agenda. Priorities are increasing the net flow of resources to Africa by increasing the gross flow and decreasing the debt burden; enhancing the quality of official development assistance taking into account the internationally agreed targets for ODA; and assisting Africa in increasing its export earnings, in which diversification plays an important role.

Good governance and democracy form two essential preconditions for sustainable development. ■

Japan

Ambassador to the UN, ***Mr. Yoshio Hatano***

UNPAAERD has provided a unique framework for international cooperation on the development of African countries....UNPAAERD has contributed substantially to raising international awareness of the economic and social difficulties which African countries are facing, and to strengthening international cooperation in the region. [However,] one cannot but conclude that, overall, the results are far from satisfactory....The view that the Programme of Action was misconceived and a total failure is not one my delegation shares. On the contrary, we believe that the basic orientation of its strategy is sound and should be maintained. The situation demands however, that we all redouble our efforts to ensure that African countries can make greater progress in achieving their development goals.

Japan welcomes the efforts of African countries to achieve the widest possible participation of their own people in the development process, and would encourage them to continue to promote democratization, respect for human rights, and the principles of good governance and accountability. Furthermore, Japan strongly supports their reform and structural adjustment efforts. Although the process of structural adjustment is often painful, it is absolutely essential if sustained development is to be achieved.

It is essential that the donor community continue to provide financial cooperation — particularly official development assistance — to African countries, supplementing the domestic resources of the countries themselves.... While the international community should assist [the] countries [of Eastern and Central Europe] as they undertake democratic and economic reforms, I would stress that highest priority must continue to be given to the developing world. Indeed, many African countries are experiencing the painful dislocation associated with political and economic reform; the need for international cooperation, especially to those countries, must be clearly addressed in the international agenda. ■

Norway

Minister of Development Cooperation, ***Ms. Grete Faremo***

Action on a broad front is urgent. The solution to Africa's problems is primarily in the transformation of African economies, improved opportunities in trade and development of Africa's human resource potential. Increased external development assistance can contribute to improve conditions, but cannot by itself solve the fundamental problems.

The third UN Development Decade did not turn out as an entirely 'lost decade' for Africa. After all, positive developments *have* taken place in recent years, some of which may be attributed to the Programme of Action.

For one thing, the majority of the African countries have embarked upon ambitious and much needed programmes of *economic* reform.... Perhaps equally important, the international community has become more sensitized to the critical economic and social problems prevailing in Africa....Finally, it should also be observed that even though many African countries are plagued by development crises, the 'crisis perspective' does not necessarily apply to the whole continent.

The African development agenda for the nineties is by necessity a broad and inclusive one.... First, the momentum of growth-oriented *economic reforms* must be maintained. However, in the 1990s, Africa must move from short-term economic stabilization and mere crisis management to a genuine *long-term transformation* of production structures....Any successful development effort must ...be based on the concept of mobilization of human resources and broad popular participation in economic, social and political processes....An additional challenge is to come to grips with the effects of the AIDS/HIV pandemic.... The intertwined issues of *population growth, environmental degradation* and *stagnation in agricultural production* must be decisively addressed....Furthermore, African countries must strive to improve their record on what has now become commonplace to refer to as national *governance*.

The international community clearly has a special duty to assist Africa....The responsibility for improved governance and continued adjustment applies to the industrial countries as well.... Multilaterally agreed *trade liberalization* stands out as particularly important....Moreover, the economic recovery of the African continent hinges critically on additional and strengthened *debt relief measures*...the Trinidad Terms, now under consideration in the Paris Club, would be a major step forward. Furthermore, in the 1990s the donor community should take the final steps to cancel all remaining ODA debts, in Africa as elsewhere.... Last...[ODA] must increase beyond present levels.

The situation in Africa must remain a *priority item* on the UN agenda. The UN has a unique role to play by way of monitoring and giving momentum to the development process in Africa. ■

Sweden

Ambassador, Ministry for Foreign Affairs, ***Mr. Lars-Olof Edström***

The downward slide of the African economies can partly be attributed to external causes, chief of which are drought, war and destabilization...the fall of prices of raw materials, and aid and investment levels lower than anticipated....But to a not insignificant degree the present difficulties are also of the continent's own making. It is true that economic readjustment programmes under the auspices of the World Bank and the IMF also can have politically or socially negative consequences in the short run. But it should be held in mind that the root cause of such effects are to be found in the policies that necessitated the introduction of the readjustment programmes in the first place, and that tended to favour city-dwellers at the expense of the great rural mass of the population.

All parties involved should...actively seek a solution to the African debt crisis...We have advocated a cancellation of up to 80 per cent of bilateral official debt for the most seriously affected countries in [the poorest] category which have proved their commitment to adjustment and reforms in order to redress their economies..... popular participation is at the heart of a sound development policy....The democratic dimension and market economies thus remain high on the agenda for the future. Appeals for international solidarity and a more equitable distribution of global wealth can only be credible if linked to corresponding domestic policies.

Strong and responsible governments, not the absence of government, is called for.

In countries receiving aid and where large military expenditure is a feature of the budget, it can be expected that donor nations will be growingly uncomfortable with continued high levels of aid.

It is not necessary today to have a repetition of UNPAAERD. The challenge is rather how to link all [the] various [international] efforts [at addressing Africa's concerns] together in an articulated whole. The question is how to achieve a cohesive, continental approach to a diversity of action that to large extent is country-specific. ■

FINANCIAL INSTITUTIONS

While Africa's economic situation is dire, the international financial institutions see the beginnings of recovery, grounded in the adjustment programmes most African countries are undertaking. Aid flows will go to those countries undertaking sound policies and practising good governance.

International Monetary Fund

Managing Director, ***Mr. Michel Camdessus***

The structural adjustment strategy aimed at quality growth is producing encouraging results, and the number of countries to have adopted it — with courage — is increasing.....However, let us keep in mind that even in those countries which have met with success there is still a great deal to be done and that they will remain highly vulnerable for some time....Such transformation cannot be completed overnight.

Three areas of international cooperation...are of critical importance to Africa.... Open international markets and a multilateral trading system, based on clear and enforceable rules, are essential if countries in Africa and elsewhere are to reap the full benefits of their economic reform..... Second, we must not hesitate to establish the principles for settling the question of Africa's external debt. Clearly, the existing repayment obligations of the African countries are still too onerous...the question of increased official development assistance appears to me to be of crucial importance for Africa.... I am discouraged at hearing experts tell us that ODA can scarcely be expected to grow substantially in the near future. We cannot resign ourselves to this. I do not see any convincing reasons for the industrial countries at the beginning of the last decade of this century to find any less binding the UN objective of 0.7 per cent of GDP, as they are only half way toward its achievement....We are living at an exceptional moment when [the] reduction in military spending is no longer a desire, but a reality. Is it not time to intensify the collective effort of the industrial countries in the area of assistance to poor countries which are seriously engaged in their own efforts? ■

World Bank

Vice President for Africa, ***Mr. Edward Jaycox***

In the UNPAAERD period, African countries have taken a grip on their own problems as never before. It would be difficult to exaggerate the importance of this remarkable change.

As a counterpart to the movement towards reform, donors also reassessed their approaches to African development. They recognized that the quality of their programmes sometimes left a lot to be desired; the quantity of financial assistance was also lacking. And so they pledged to provide increased financial support in parallel with ... African economic reform....and there is clear indication that the region has been accorded a high priority by donors over the last *several years*.

[A] country's entry into economic reform or structural adjustment does not bring about a miraculous recovery overnight....I am the first to admit that progress for most countries remains unsatisfactory.... But to blame the pain on the reform programmes is to confuse *malady* with remedy. The real causes of many of today's problems lie in the mistaken economic policies of the past. If those policies had been continued, the situation would be much worse today. *There is no doubt about that.*

While it is true that the fall in primary commodity prices has severely affected African economies, the larger problem has been Africa's lack of competitiveness.

Evidence is growing that the economic reforms are taking effect and with every passing day there are signs of *improvement*. It is simply not true, as some have alleged, that all of sub-Saharan Africa is in decline. We must, if we are intellectually honest, disaggregate and distinguish between those countries that *have* implemented serious economic reform programmes and those that *have not*.

[It] must be recognized that...increased assistance from the donor community will only be effective if the other items on Africa's strategic agenda are pursued vigorously....Africa can only ensure that it will receive the aid and attention it needs by demonstrating sustainable development progress. It is becoming increasingly clear that donors are going to focus their aid on countries which show a determination to implement economic reforms, demonstrate efficiency in resource use, and promote good governance. We live in a competitive world and that competition extends to the demand for resources. ■

African Development Bank

President, Mr. Babacar Ndiaye

Short-term goals, strategies and programmes have had limited success in improving the living conditions of the African people...future development should be planned on a longer term basis and within a wider perspective of [an] integrated programme of actions.

Prospects for the democratic process throughout the continent will no doubt ensure good governance and accountability, promote a market-oriented economy, help improve intra-African trade and favour the development of the African Economic Community. The international community should help African countries in this transformation by providing assistance and support, not only for economic restructuring but for consolidating democratic institutions and promoting the private sector which is both an engine for growth and a catalyst for the democratic process.

The current political changes taking place in Africa should provide African governments the opportunity to rationalize their military spending programmes so that scarce resources could be re-allocated towards the needy and the poor. We should ensure that the economic underpinnings of the historical changes sweeping through the continent are in place. While I believe that much of the responsibility lies with Africa itself, the international community cannot be seen to retreat into an attitude of benign neglect. ■

NGOs launch grassroots agenda

The prospects of Africa's people have been harmed by structural adjustment programmes (SAPs) which are "contradictory to popular participation, are diminishing the freedom of African people and subjugating them to destitution," declared Mr. Charles Karemano, a Rwandan NGO activist, during the September review of the UN Africa Recovery Programme (UN-PAAERD). He spoke on behalf of an international committee which represents over 100 non-governmental organizations (NGOs) and networks all over the world.

"Northern and African governments, as well as the World Bank and International Monetary Fund, have ignored the principles of grassroots participation, often supporting regimes which are anti-democratic," added Mr. Karemano. Having lobbied extensively during UNPAAERD negotiations in 1986, and again at the 1991 review, with briefings and newsletters, NGOs were deeply disappointed at the failure of African and Northern governments to embrace human-centred development and popular participation.

The NGO Committee therefore launched its own "grassroots agenda" at a press conference near the end of the review session. This agenda aims to boost the influence of Africa's people in policy-making on commodities and governance.

Chief Bisi Ogunleye making a point at the NGO Committee press conference, flanked by Mr. Gerald Caplan (left) and Mr. Mazide N'Diaye and Ms Carol Capps (right).

Stressing the need for grassroots input in solving Africa's commodity problems, the NGO Committee plans to hold an Africa-wide production and trade exposition in late 1992. Ordinary Africans are the actual producers of commodity exports, Chief Bisi Ogunleye (of the Country Women's Association of Nigeria) told the press. Yet, analysis of the commodities crisis usually focused more on external market problems than on the repercussions in Africa. Ordinary Africans discussing the human and environmental impact of the crisis, she said, would promote grassroots input into policy formulation. The NGO Committee also announced plans for an African forum on democracy and popular participation in late 1993 to discuss methods of improving governance from the ground up, in culturally appropriate ways.

Among the disappointments of the UN-PAAERD review, Mr. Mazide N'Diaye (of the Forum for African Voluntary Development Organizations) noted the Western opposition to specific and comprehensive targets in the proposed New Agenda: "They prefer bilateral work which allows them to freeze out any 'bad boys' who don't follow their prescriptions." The NGO Committee insisted that the development prospects of ordinary people remained vital in all African countries.

The Committee profoundly disagreed with the "mindless market philosophies in inappropriate places" favoured by the World Bank, IMF and Western donors, said Mr. Gerald Caplan (InterPares, Canada), and "only by ignoring the human toll of [SAPs] could anyone suggest that this distorted economic blueprint has had any positive impact," added an NGO briefing paper.

The NGOs feared that the Global Coalition for Africa might lead the next phase of international cooperation. This body, said Ms. Carol Capps (Church World Service, USA), lacked the UN's accountability, allowed no room for NGO influence, and could be "little more than a front for the pursuit of World Bank policies in Africa." ■

Growing confidence of Africa's people

Structural adjustment programmes (SAPs) have been bad for Africa's people, for local production, for employment, and even bad for the soil, said Mr. Mazide N'Diaye, Senegalese head of the Forum for African Voluntary Development Organizations and co-chairman of the NGO Working Group on the World Bank. "I can tell you that the people we work with on the ground are suffering very much," he said, adding that Senegal's adjustment experience was common in Africa.

Mr. N'Diaye told *Africa Recovery* that SAPs were hurting domestic production and jobs because of cheap imports. Public sector wage freezes had hit already weak purchasing power, while health and education cuts would have adverse consequences. Government had allowed fertilizer prices to rise, leaving farmers unable to feed the fragile soils. And with weak commodity prices, "SAP has been pushing us into a vacuum where we produce, but we don't know if we will be able to sell" at rewarding prices.

He found it "unacceptable" that experts in Washington continued to make development prescriptions for Africa without accountability. Africans themselves needed to build programmes that would be sustainable because they came from the grassroots. He said that most Senegalese villages now had women's or youth self-help associations: "There has been definite change, and people have more confidence in their own capacities." And only after "hard struggle" had US and Canadian NGOs appreciated the extent of African capacities and the need for real partnership.

Disturbed by the independent growth of local NGOs, African governments had often tried to counter or corrupt their activities. Even if they now recognized that NGOs must be private, independent and non-political, NGOs themselves had to guard against becoming "trapped in government programmes," Mr. N'Diaye concluded.

INTERVIEW WITH GROUP OF 77 CHAIRMAN

Africa's way forward

Kofi Awoonor, Ghana's Ambassador to the UN

Africa will only move forward if it takes the initiative in rigorously analyzing its problems and potential solutions, and if more of this analysis is done by Africans themselves, insists Mr. Kofi Awoonor, Ghana's ambassador to the United Nations and this past year's chairman of the Group of 77 developing countries.

Such initiative is vital, says Mr. Awoonor in a recent interview with *Africa Recovery*, pointing to the lack of progress on debt, commodities, trade, and financial flows, as well as the disturbing spread of foreign aid conditionalities. The international economic system has made "little or no adjustment to help us make the reforms asked of us," he explains, citing the disappointing results of UNPAAERD, and the difficult negotiations with industrialized countries on a New Agenda for international cooperation with Africa.

The Organization of African Unity should organize economic summits to chart new directions, says Mr. Awoonor. There is also a lot of urgent work to be done on Africa's subregional economic groups, or else the treaty for the African Economic Community will remain a "deliriously optimistic document." He urges African countries to "share experiences, and measure our growth by the realities on the ground."

"While they are telling us that in Africa you cannot subsidize the farmer, there is no country in the Western world that has not and does not subsidize agriculture."

Interpreting those realities, however, is far from straightforward. While the UN Secretary-General's report found that Africa's overall growth rate declined during the 1986-90 UNPAAERD period, the World Bank and "the international (donor) community" argue that Africa should not be seen as one bloc. "They want to disaggregate Africa and pinpoint those who have made progress and those who have not," Ambassador Awoonor observes. The Bank in particular claims that African countries have made demonstrable progress through adjustment, and any overall lack of progress during UNPAAERD is because not all African countries undertook such reforms.

This insistence on dividing Africa into individual entities fuelled the opposition to comprehensive development targets in the New Agenda, explains Mr. Awoonor. But Africa and the Group of 77 as a whole wanted targets not only to be able to measure progress, but also "to make sure that the shortcomings of UNPAAERD would be rectified."

The major shortcoming, they believe, was that while Africa undertook reforms, as agreed, at "very heavy political and social costs," the international community failed to provide adequate debt relief and to increase resource flows. Therefore, the New Agenda should seek to correct these shortcomings "while stressing the commitment of the international community," Ambassador Awoonor argues.

However, during the September review of UNPAAERD, he says some Western countries "absolutely" denied making any commitments "as in a treaty" when the programme was adopted in 1986. They seem to want only a framework as the outcome of the UNPAAERD review, "this multilateral endeavour," and that "matters of substance should be left for bilateral negotiations where the donors will examine each individual African state." This is why for Western free-market ideologues, "stating that the whole of Africa should have 6 per cent growth was an outrageous heresy."

Africans, meanwhile, want better terms of trade, "and of course we want a strengthened UN Conference on Trade and Development (UNCTAD) to play an effective role in this area." On official bilateral debt, "we should probably work towards total forgiveness," he says, while there should be forgiveness or substantial relief on multilateral debt, and some relief on commercial debt.

Contrary to the alleged consensus in favour of structural adjustment programmes (SAPs), Ambassador Awoonor feels SAPs should not be accepted "like an act of God, which gives us a role which we have to accept." Adjustment is itself a misnomer, he adds, "because you adjust something which is just slightly out of alignment. But our economies need a total upheaval."

Why should "a neocolonial economy like Ghana's only be limited to raw commodity production? Is there a division of labour which imposes this task upon us?" he argues. In contrast, "when we try and diversify, to process our own products, our exports come up against trade barriers."

Turning to aid conditionality, Mr. Awoonor regrets the "mandatory nature of the requests being put to us by our partners." Many African countries are not even in good enough economic condition to attempt the required reforms because of the depth of underlying poverty. And implementing some of the reforms without enough international help "is a leap, an act of faith."

Perhaps the "most glaring contradiction" in conditionality is the "inevitable" harm done to local production and industrial development by trade liberalization. Ghana's textile producers and rice farmers are "weeping", he says. Textile imports dumped onto Ghana's market are "destroying Ghana's infant textile mills," and local rice is also uncompetitive against often subsidized rice imports from many countries, including the US. Yet, while "they are telling us that in Africa you cannot subsidize the farmer, there is no country in the Western world that has not and does not subsidize agriculture," Mr. Awoonor observes.

He insists that good governance and democracy should not be conditions for aid: "We should be allowed to develop our own systems." The Group of 77, Mr. Awoonor declares, has found no evidence that democracy, as usually defined, leads to economic growth: "It is rather growth that promotes democracy."

He sees the external clamour for human rights, democracy and the free market as "one continuum with the structural adjustment agenda," which must be taken together for critical assessment. "The moment you separate them, then you are not understanding what is coming from Washington or London, or Paris, and from the financial institutions." ■

Egypt charts new economic path

Egypt is one of Africa's largest economies and potentially one of the strongest and most dynamic. Oil and migrant worker remittances have recently given a boost to an economy traditionally based on cotton. But slowing world growth, coupled with the Gulf Crisis, has dealt Egypt some sharp blows. The government has resolved to tackle its economic problems by undertaking a far-reaching reform programme. Donors have responded with unprecedented levels of aid and debt relief. But deep social problems compound the difficult task the government has set itself of transforming Egypt's command economy into one in which market forces play the dominant role.

By Essam Refaat

Egypt has embarked on an ambitious "1,000 days" reform programme to restructure its economy. Success for this programme, which got under way in January 1991, should eventually improve living standards for Egypt's 54 million people. But even the most ardent reformers concede that the path to faster and sustainable growth will be a difficult one, with the benefits for most people slow to emerge. More sceptical observers point to the cost-of-living implications of many proposed reforms — prices have already started to climb — and question whether the social implications of the programme have been sufficiently taken into account; and with them the political sustainability of many of the current plans. But virtually everyone accepts that dramatic action is required to free the productive forces within the economy, and that some social dislocation is inevitable in order to make long-term gains.

No one is discounting the possibility that in today's difficult international environment and with a potentially volatile domestic political scene, reform efforts could be knocked badly off track. The package now put together in Egypt's "1,000 days" programme contains many of the elements common to reform efforts elsewhere on the continent — a stabilization element designed to rapidly correct current account and budget deficits, and an ambitious restructuring component aimed at transforming an overwhelmingly state-led economy into a 'market-friendly' one. To this has been welded a wide-ranging social programme concerned with alleviating the impact of higher prices, job losses and higher social service costs on the poor.

The reforms now under way involve lowering subsidies, liberalizing trade, exchange and interest rate regimes, and privatization of what has been to date an overwhelmingly command economy. While the imperative for radical change is disputed by few, some Egyptian economists query whether, in the crucible of 'give and take' between the government and its donors, the right formula for success has been found.

The agreement with the International Monetary Fund (IMF) in May 1991, which sealed international endorsement and support for Egypt's reform programme, took almost three years of sometimes tense negotiations. Despite efforts to tailor the programme to Egypt's needs, critics ask whether donors such as the IMF and World Bank will continue to insist on implementation of standard

Egypt has made progress on social issues. The new reforms, while initially painful, are designed to revive the economy and alleviate social concerns such as poor housing.

Dr. Essam Refaat is Chief Editor of the Cairo economic weekly Al-Ahram Iktisadi.

prescriptions regardless of economic, social and political conditions. Both agencies have indicated their concern to link their perception of needed reforms to conditions on the ground, but the experience of past deals still colours thinking. Most of the four earlier agreements with the IMF — in 1962, 1964, 1978 and 1987 — broke down quickly because the government was unable to implement many of the prescribed reforms. This was particularly true of the 1978 arrangement, which was soon overtaken by the adverse social and political consequences of attempting to cut back food subsidies.

Many economists also fear that, as with programmes elsewhere, present plans are crucially dependent on certain external factors — such as access to expanding markets and a plentiful supply of foreign investment — which may not materialize.

World Bank estimates envisage per capita consumption continuing to fall in 1992 as growth remains slow and reforms begin to bite. Special measures to help ease the impact on Egypt's poor have been built into the reform plan, but their adequacy is questioned for a society which since the middle 1950s has enjoyed a relatively sophisticated and comprehensive social security system. Since 1960, life expectancy has risen from an average 41 years to 60, while child mortality has fallen from over 300 per 1,000 to 94 per 1,000 in 1989. It is this legacy which is perceived by many to be now most at risk.

An over-valued currency and a rigidly controlled public sector, accounting for some 70 per cent of non-oil GDP, meant that the economy found it difficult to adjust adequately to changing circumstances.

Four years of faltering growth and falling individual incomes has generated support for reforms that can restimulate growth. The economic shock has been all the greater given the oil and remittances-led boom of the late-1970s to mid-1980s, when the economy grew at an average 9 per cent a year.

At the beginning of the 1970s, cotton accounted for close to half of Egypt's merchandise exports. By the end of the decade, when cotton was already bringing in less than both remittances and the Suez Canal, oil was by far the largest merchandise export. By 1985, oil accounted for nearly 70 per cent of merchandise exports.

Therefore, while Egypt could claim a relatively diverse revenue base and a strong domestic industrial sector — equivalent to some 27 per cent of gross domestic product (GDP) — the plunge in oil prices from 1986 started a rapid slowdown in the economy. An over-valued currency and a rigidly controlled public sector, accounting for some 70 per cent of non-oil GDP, meant that the economy found it difficult to adjust adequately to changing circumstances. With previously heavy external borrowing no longer sustainable — by 1986, external debt was equivalent to 120 per cent of GDP — and with an import ban strangling production in many sectors, economic growth plunged, averaging some 1.6 per cent a year from 1988, well below the rate of population increase. As a result, Egypt's GDP per capita fell from $750 in the mid-1980s to $640 in 1989.

Egypt at a glance: 1990

Population:	52.4 million
Population growth rate:	2.2%
GNP per capita:	$678
Currency:	Egyptian pound (£E2.7=US$1)*
Gross domestic product:	£E 68 bn ($34 bn)
of which: agriculture	16%
manufacturing	15%
Total external debt:	$39.9 bn
Debt service ratio:	25.7%
Life expectancy at birth:	60 years
Infant mortality rate:	67 per 1,000 births
Adult literacy rate:	45%

* = secondary rate
Sources: UN Fund for Population Activities, Economic Commission for Africa, International Monetary Fund, World Bank, UNICEF, Economist Intelligence Unit

A substantial social welfare system, including subsidies on many basic goods, as well as free education and health care, insulated the population from the full impact of the economic downturn. Nevertheless, the strain on the economy was evident in continuously high deficits on the central budget and on the country's balance of payments, with the former averaging the equivalent of 20 per cent of GDP after 1985.

This difficult situation was made considerably worse by the economic fallout from Iraq's invasion of Kuwait and the subsequent Gulf War. The Egyptian government estimates costs from the Gulf War — either through lost national revenues or increased expenditures — at $12 bn.

While rising oil prices brought some gains, hostilities in the region hit revenues from Suez Canal transit fees, tourism and, above all, remittances. Tourism losses amounted to some $2 bn and those from lower Suez Canal revenues, $500 mn, the government estimates.

Up to 700,000 Egyptians working in the Gulf were forced to return home, at a direct cost to the economy of some $2 bn in lost remittances. Immediately prior to 1990, remittances were more than one and a half times earnings from merchandise exports. Total losses suffered by returning migrants, in the form of private property and bank deposits, could be as high as $18 bn, according to Egyptian sources.

Recent estimates from the Bank and Fund put total foreign exchange losses, including remittances, at $3.4 bn, equivalent to more than 35 per cent of export receipts, although the budgetary impact was smaller, the Bank says, with actual revenue gains from higher oil prices.

Some revenue losses have been short-term — Suez Canal revenues are back up. But tourism remains sluggish, with widespread employment implications. This is on top of the already huge problem created by returning workers and their families. In counting the cost of the Gulf conflict, the government includes the transport and catering costs involved in repatriating workers, finding places in schools and creating new jobs. The last alone could cost $5 bn, the government estimates. Social costs could be "very large," the Bank says, with returning workers accounting for as much as 5 per cent of the labour force.

Egypt's strong and concrete support for the allies during the Gulf crisis has brought it financial rewards. The Gulf

President Hosni Mubarak. His government has shown its strong commitment to reform.

Crisis Financial Coordination Group has provided over $4 bn to help meet Egypt's extraordinary outlays. In addition, Gulf states have written off some $6.1 bn in debt owed to them and the United States has taken similar action on $6.7 bn of military debt owed by Egypt.

With the decision taken in May by the Paris Club of Western creditors to cancel approximately half of the $20.2 bn official bilateral debt owed to them, Egypt has reduced its stock of foreign debt substantially; World Bank figures estimate 1990 debt already at $39bn compared to $51bn in 1989.

The action taken on debt, by reducing the impact of a 'overhang' of a large stock of debt on the perception of would-be creditors and investors, is seen as a potentially significant factor in transforming Egypt's economic situation. But World Bank estimates suggest its immediate cash benefits may be more modest.

In recent years the debt servicing burden has been kept to around 20 per cent of export earnings only by the expedient of not paying around half of original obligations. By mid-1990, arrears totalled $11.4 bn, according to the IMF — more than that for the entire sub-Saharan Africa region. Egypt was originally due to pay some $5.6 bn in its fiscal year 1992 and a further $5.4 bn in fiscal 1993, not counting arrears. Payments now due in 1992 will be some $4.3 bn, the Bank estimates, and $3.9 bn in 1993. This compares with some $3.4 bn actually paid in calendar year 1990.

The May accord with the Paris Club creditors is linked to implementation of an agreed reform programme. Only 15 per cent of eligible debt was cancelled initially, with a further 15 per cent promised for the end of 1992 and the remaining 20 per cent at the end of three years, dependent upon the government's performance in implementing reform.

Relief from burdensome debt payments offers no signposts to revitalizing economic growth. Nor does it end the need for substantial inflows of foreign capital. The latter too has been forthcoming following the May agree-

Egypt's path to a liberal economy

Liberalizing the public sector: Through the July Public Sector Business Enterprise Law, aims to free managers from state interference. This will be done by transferring ownership to newly established holding companies. Direct state-ownership will be limited to a number of strategic authorities, including the Suez Canal, port, railways, etc. Holding companies will be able to sell shares in their subsidiaries to individual and corporate investors; close entities; raise capital; and trade in the financial markets. A new ministry for the public sector will oversee this restructuring, which is expected to involve extensive rationalization of the existing 374 public enterprises.

Encouragement of investment: Aims to assist promotion of the private sector through reform of the financial sector and simplification of investment rules. Since April, foreign investment procedures have been streamlined to permit the automatic approval of projects, except for those on a 'negative list.' Domestic investment will be encouraged through new laws protecting secrecy of bank accounts, establishment of new savings accounts and other measures, including the supervisory role of the central bank, to strengthen capitalization and functioning of banks.

Liberalization of interest rates: Deregulation of interest rates and other administrative restrictions on credit operations, along with measures to establish floors/ceilings on domestic credit creation, are seen as an integral part of promoting a market economy.

Liberalization of exchange rates: Government has already shifted from a multiple exchange rate system to a unitary one, effective from October 1991. Since February 1991, when private currency dealing companies were permitted, the previously administered exchange rate has given way to one more determined by the supply and demand for foreign exchange. The system will also reduce the preferred access of public sector companies to foreign exchange, further promoting the private sector.

Liberalization of foreign trade: Envisages ending present system of quota limits and prohibited list for imports, designed to promote import substitution, and gradual modification of existing tariff structure. Controls on exports to be also lifted and government considering various export incentive schemes.

Liberalization of prices: Gradual removal of price controls on most commodities over a three-year period. Mixture of price controls, quotas and ration cards for some basic goods such as sugar and cooking oil.

Liberalization of agriculture: Planned removal of most remaining controls in agriculture. These mainly involve compulsory purchase at fixed prices for cotton and lowering of input subsidies. Private sector to be permitted wider role in marketing and in distribution of inputs.

Curbing public expenditure: In addition to reduced spending — including a lower wage bill — through public sector reform, expenditure to be cut through gradual elimination of most subsidies.

Revenue enhancement: Complementing the above are new measures to boost government revenues. These include a 10 per cent sales tax — introduced in May — widening of the tax base and improved efficiency in collection. Measures are designed to reduce the budget deficit from some 20 per cent of GDP in 1991-92 to 3.5 per cent by 1994-95.

ment with the IMF on an 18 month, $372 mn stand-by facility and a $300mn structural adjustment loan (SAL) from the World Bank, approved in June. At a July 1991 meeting, donors pledged some $8 bn over the next two years in a mixture of new money and debt relief, significantly above amounts requested by the government. The assistance, too, comes at the price of a sweeping economic reform package that appears to offer the prospect of faster growth and deeper social discontent in equal measure.

Key reforms

Three years of intense negotiations have yielded a package designed to meet the particular needs of Egypt's already modestly diverse, but still highly controlled economy. While its social component may reflect the lessons of past failures, the insistance of the implementation of a number of policy measures equally reflects past breakdowns between Egypt and the Fund.

The government's adjustment efforts really got under way in early 1990. These were intensified in January 1991 with the start of its "1,000 days" reform programme, with interest rates liberalized, private currency dealing restored and other banking reforms. In May, prior to the IMF agreement, the government introduced a 10 per cent sales tax, raised prices of energy products — previously only a third of world prices — between 33 and 100 per cent and announced plans to liberalize trade by replacing a bureaucratically complex licensing system with a simpler tariff structure.

Unification of the exchange rate, as part of a programme to bring about a real depreciation of the Egyptian pound, was one key donor demand. A single, essentially floating exchange rate with only limited central bank intervention was also seen as crucial in breaking the near-monopoly of public sector entities in the securing of foreign exchange.

On this issue the government has more than met expectations, with unification achieved in October, four months ahead of schedule. The pound, however, has proved unexpectedly resilient, stabilizing in the more freely convertible environment at around £E3.3 to the US dollar, against £E2.7 for the secondary market rate in 1990.

Another important concern has been the budget deficit. In its July budget, the government confirmed its commitment to reducing the budget deficit from 20 per cent of GDP in 1990-91 to 9.5 per cent in 1991-92 and to 3.5 per cent in 1994-95. Although still largely on target — the next tranche of IMF funds is expected to be released in January — the government has had to balance its commitment to reducing the subsidies' bill against the need to meet the needs of returning workers. This battle is being made more arduous by the difficulties being encountered in the equally important task of raising revenues through tax reforms.

Reducing subsidies could save up to £E3 bn a year, with only those for sugar and cooking oil being retained, and then only for lower income groups. But with the average inflation rate already around 30 per cent — up from 20 per cent in 1990 — and public sector salary increases fixed at only 15 per cent, there is strong pressure to alleviate rising living costs generally.

Efforts are under way to increase productivity in agriculture

Donor pressure to remove what is seen by them as the stranglehold of public ownership over most sectors of the economy is only adding to the government's problems on the social front through the adverse implications for employment. Three-quarters of manufacturing output is from publicly owned enterprises. Their combination of low capitalization, high indebtedness — government price decrees have meant many have sold below cost for years — and poor management is viewed as one of the main stumbling blocks to reinvigorating the Egyptian economy.

The basic tenet is accepted by the government in its July Public Sector Business Enterprise Law, which aims to overhaul the sector. It will set in motion plans to free managers from bureaucratic interference and to rationalize 374 public sector enterprises, with the option of selling-off all or parts of many of them. Certain key sectors, however, are expected to be excluded from the full impact of privatization. These could include more dynamic sectors such as spinning and weaving, iron and steel, aluminium and some food-processing industries, reportedly giving rise to concern from some donors that only loss-makers are to be sold off.

The proposed procedures for liberalizing the public sector are also seen as unnecessarily bureaucratic and complex, particularly as they involve the creation of a whole new ministry to carry out the task. This is a criticism

Egypt: economic indicators

	1980	1984	1985	1986	1987	1988	1989	1990
GDP at current market prices (£E bn)	15.5	27.9	32.5	36.0	45.2	54.5	64.7	68.0[1]
Real GDP growth (%)	14.3	9.6	7.6	4.6	3.8	1.1	1.1	2.7
Merchandise exports ($mn)	3,854	3,864	3,836	2,632	3,115	2,770	3,755	4,650
Merchandise imports ($mn)	6,814	10,080	9,050	7,170	8,095	9,378	11,419	13,294
Current account balance ($mn)[†]	-438	-1,988	-2,166	-1,812	-245	-1,048	-1,691	237
Gross budget deficit/GDP (%)	6.9	-11.4	-11.0	-13.9	-19.3	-24.5	-18.3	-18.6
Worker's remittances ($mn)	2,791	3,981	3,216	2,565	3,604	3,770	4,253	5,527
Gross investment/GDP (%)	29.5	27.5	26.7	23.7	18.0	24.2	23.6	23.1
Total external debt ($bn)	21.0	35.5	41.8	46.0	50.8	52.0	51.2	39.9
Debt service ratio (%)	22.1	23.1	27.6	28.7	19.0	25.0	27.8	25.7
Official development assistance per capita ($)	33.8	39.6	38.5	56.0	36.3	30.6	30.5	n.a.
Cotton production[‡] ('000 mt)	504	*400**	447	410	352	*322**	*298**	*310**
Food production per capita (1979-81=100)	97	111	111	114	118	120	115	118
Foreign res. (months import coverage)	1.8	0.9	1.0	1.4	2.0	1.6	1.6	2.4
Inflation rate (%)	20.7	17.0	12.1	23.9	19.7	17.7	21.3	16.8
Exchange rate (average £E per dollar)[**]	n.a.	.83	1.3	1.3	1.5	2.2	2.5	2.7

Sources: IMF, ECA, World Bank, OECD, FAO, EIU. 1. EIU. †. IMF figures for private transfers. *. estimates. 1990 is for average 1979-81 (base). ‡. unofficial figures. **. secondary rate.

also levied at those regulations governing investment procedures which in theory provide for automatic approval for all projects save those on a "negative list," but where actual administration could prove equally cumbersome.

Part of the problem in moving quickly towards liberalizing the public sector lies with its implications for employment. Information on the number of jobs that could be shed is not readily available, but with the state sector employing nearly 3 million out of a total labour force of 9 million even a 10 per cent loss in jobs would add enormously to the unemployment problem.

Privatization plans could worsen substantially an already difficult employment situation.

Price liberalization plans are also fraught with difficulties. Most prices are to be freed from controls over a three-year period. The government is moving to remove controls on socially-risky retail prices over a three year period. It is also freeing up agricultural prices. An extensive system of compulsory purchases at fixed — and usually low — prices has hit production in the past, donors like the World Bank argue. A $4 bn a year food import bill is seen as the legacy of such controls — although food production per capita did rise throughout the 1980s.

The last controls on rice were removed in the second half of 1991. Except for price support for sugar cane, only cotton controls remain. Controls on cotton, it is argued, have reduced what was once a symbol of Egypt's economic potential to a shadow of its former self. Low producer prices have clearly benefited the local textile industry, but have meant that cotton production, already falling in the 1970s, fell another 40 per cent during the 1980s. Export earnings from cotton fell in turn from over $300 mn in 1980 to $170 mn in 1990.

Under its SAL agreement with the Bank, the government will raise cotton prices in the 1992-93 season to two-thirds of the world price, from under 60 per cent at present. Further liberalization is expected in the future, with the government also committed to liberalizing its marketing system and reducing input subsidies.

Chances for success

Given the removal of bureaucratic controls and a more modest public expenditure programme, both the World Bank and the Fund see a bright long-term future for the Egyptian economy. The potential of an efficient agricultural sector in a land where three crops a year are commonplace has been demonstrated by the expansion of production of fruit and vegetables. Exports earnings from these, which are mainly for the European market, overtook those from cotton in 1990.

Egyptian industry could be equally as adaptable and productive. The existing heavy industry infrastructure — textiles, iron and steel, chemicals — could, if made more efficient, form the base from which more diverse manufactures could flow. Already, manufactures account for 25 per cent of Egyptian exports. The government is currently studying various new export incentive measures to replace present controls and has put in place an export earnings retention scheme.

Given its economic strengths and the government's undoubted commitment Egypt's reform programme has every chance of fostering faster growth. But crucial inputs are still needed. A more 'enabling' environment needs capital for expansion, 'know how' for implementation and markets to sell in.

Problems abound in all three areas. On the capital front, new laws and account procedures encouraging savings have been put in place, but the very solvency of much of the publicly-dominated banking sector is questioned. A credit crunch, designed for the short-term to soak up excess money

supply, could have longer-term implications for investment, critics say, pointing to the freeing of interest rates. The cost of borrowing had risen from around 12 per cent at the beginning of 1991 to over 20 per cent by October.

Doubts are also expressed over the willingness of foreign capital to move in. Direct foreign investment has jumped dramatically in recent years: from under $300 mn in 1982 to over $1.5 bn in 1989. But much of this has been in the oil sector — production has now risen to 870,000 barrels a day — and critics point to the fall back in 1990 to $932 mn to show the volatility of this source. Agencies like the International Finance Corporation are trying to encourage larger flows by investing themselves in the non-oil sector, but continued regional uncertainties compound an already highly competitive search for overseas investors.

Lack of 'know how' also impacts on the perception of investors. Elaborate plans for liberalizing the financial sector have already come up against the reality of the very limited managerial and financial expertise available. The pervasiveness of state controls over many years could mean that a similar shortage of managerial skills will frustrate liberalization efforts in other sectors.

Finally, critics point to the increasingly hostile environment in which a programme, where hopes of growth are crucially dependent on exports, must be implemented. Markets in the Gulf and in Eastern Europe are contracting sharply. Trade with Eastern Europe, much of it on barter terms, has accounted for close to 20 per cent of exports in recent years.

In the longer term, these markets could more than recover. But the prospect of countries such as Poland and Czechoslovakia entering into a privileged trading relationship with the European Community (EC) gives rise to the fear that the long term could also be threatened. The EC takes over 40 per cent of Egypt's exports. Any further closing of its doors, as threatened by the possible collapse of the 'Uruguay Round' (see page 14) and plans for economic unification, would have a far-reaching impact on Egypt's export potential.

Unemployment fears

But perhaps the most worrying aspect for the moment is domestic. Egypt's mounting unemployment is already around 20 per cent of the labour force. This employment problem has been compounded by the fact that two of Egypts largest money-earners — oil and Suez Canal revenues — employ only 1 per cent of the labour force. At present, the economy is creating approximately 100,000 new jobs a year, against some 400,000 new entrants seeking work. This already unacceptable ratio is set to worsen as employment contracts from a mixture of privatization, trade liberalization and general economic downturn.

Government and donors alike have tried to plan for this, through a $432 mn Social Fund, part of which will be used to finance job-creation programmes, and a strengthening of the country's already impressive social security system. This, however, is essentially viewed as a short-term measure until the reforms can generate sufficient growth to accelerate employment and raise real incomes.

Such growth, the World Bank concedes, will take time. The Bank admits that real export earnings can be expected to grow only slowly and for 1991-92 at least, GDP and per capita consumption will fall. It is the fear that this short-term will, as with reform efforts elsewhere, become the long-term that preoccupies both those responsible for implementing the programme as well as it's critics.

While a speedy liberalization of the economy, leading to rapid growth could make these fears unfounded, the "across-the board" implementation this would require would severely stretch the government's managerial capacity. Already, the government is facing a huge workload as a result of the mixture of reforms, aid and debt agreements which now must be implemented. Many also doubt that Egypt, after years of tight state-controls, has the managerial capacity to gain from such a sweeping embrace of market-determined economic decision-making.

Fast or slow, the question remains whether the programme has sufficiently taken into account all the social and political implications. For a society with a long tradition of social security support, the prospect of rising welfare costs and high prices for basic goods at a time of widespread unemployment could be traumatic.

Natural gas pipeline. Higher energy prices have been one of the first results of the reform programme.

This is critical given the dependence of the programme on the commitment and seriousness of the government. This has not been in question, with the commitment to reform widely accepted, but difficult conditions, both domestically and externally, could test this resolve.

The donors, led by the IMF and the World Bank, have tried to show their own commitment through increased aid and a precedent-setting debt relief package, both vital in seeing the programme through the testing early stages. The scale of this assistance is giving the adjustment effort every chance of success. But as the programme's harsher measures begin to bite into living standards and the realities of implementation become more apparent, the willingness of donors to be flexible in adapting their policy requirements to changing circumstances could be a crucial factor in Egypt finding the right path to the transformation of its economy. ■

Growth from commodities: the Fraser Report had it right

By Alex Ashiabor

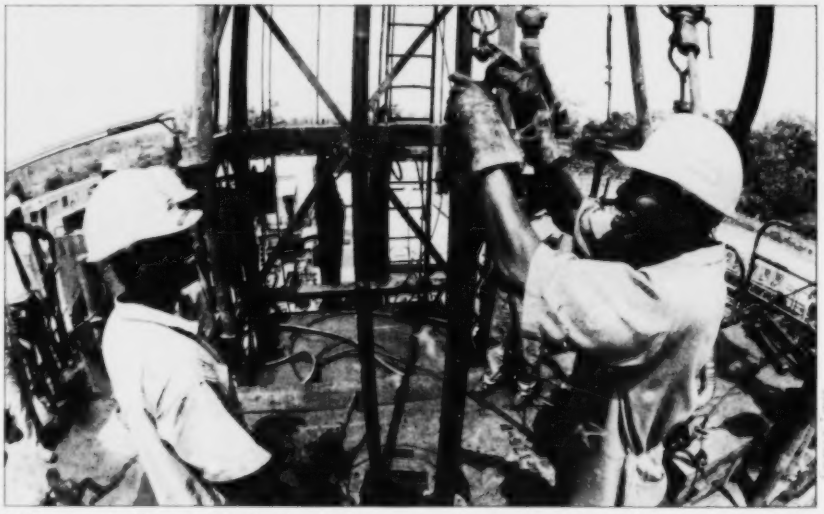
Commodities, and the high dependence of nearly all African economies on them, remain a live issue. Given the continuing relevance of the debate on an appropriate commodity strategy to vital decisions facing most African governments, the report of the UN Secretary-General's Expert Group on Africa's Commodity Problems — often called the Fraser Group Report — and comments on it are likely to be discussed time and again. It is therefore appropriate to comment on some of the criticisms levelled at the Report and assess the implications for policy.

The main criticism of the Report has come from Mr. Adrian Hewitt of the London-based Overseas Development Institute and Professor Hans Singer from the Institute of Development Studies at the University of Sussex in England, published in a series of articles, including one in *Africa Recovery*. The Organization of African Unity (OAU) has also expressed some reservations on aspects of the Report.

The major thrust of the former's criticism is their claim that the Report effectively urges African nations to expand production of primary commodities, a strategy which, they believe, through global over-production, is doomed to lead African countries into a downward spiral of ever-declining terms of trade, stagnant export earnings and continued total dependence on primary production.

Arguing that the "crucial failing" of the Report is to assume that the solution to Africa's commodity problems can be found from within the sector itself, Hewitt and Singer go on to declare that Africa's economic salvation must be found through diversification. Without going over the argument, point by point, a short restatement of the salient points of the Fraser Group Report will clearly demonstrate that those criticisms are misplaced.

In the OAU view as well, the Report "appears" to advocate increased production for export of traditional commodities at the expense of suggesting a strong package of diversification measures; though it says the Report constitutes a "fair attempt" at addressing Africa's commodity problems. The OAU also challenges what it perceives as too great an acceptance of the need for market-dominated adjustment programmes of the type insisted upon by the International Monetary Fund (IMF) and World Bank.



Oil workers in Nigeria. Domination of the economy by the oil sector need not have led to the decline in agricultural production that has taken place in the last 20 years.

Hewitt and Singer also state that the Report fails to make a "political link" between commodities and foreign policy. However, a more careful reading would show that the Report was not oblivious of such links. It states quite clearly that: "Continued and growing disparities among people and between continents is always a potential source of political, if not strategic, instability and threat, and that industrialized countries cannot continue to enjoy high standards of living — involving actual starvation, disease and death — for a sizable portion of the world's population."

Diversification a clear priority

The Report has no dispute with the argument that, in order to develop, African economies must diversify. The major difference between it and its critics is that the latter would totally set aside the need for improved efficiency in the commodity sector. Indeed, some find it counter-productive, leading to a "zero sum game." Instead, they would abandon commodity production and immediately embark upon diversification into an unspecified set of activities.

While not denying the problems of high dependence, declining terms of trade, etc., the Report holds the view that the beginning of — indeed some of the wherewithal for — diversification must come from a revitalized, efficient and vibrant commodity sector.

The Expert Group did not accept the view that Africa should immediately abandon commodity production to its competitors who, in spite of similar market conditions, have made progress. The Expert Group believed that Africa would not have lost markets to other regions but for deficiencies in productivity and competitiveness. Was it inevitable that Nigeria, for example, which 20 years ago was a leading producer of palm oil and groundnuts, should now spend vast amounts of foreign exchange on imports of vegetable oil just because crude oil was found? Did Zambia have to neglect maize production because of copper?

One of the strong points of the Report is its refreshing — maybe shocking — optimism that more efficient commodity production in Africa is not a hopeless enterprise. Basically, the Report is a vote of confidence in Africa's potential. Instead of adopting the usual depressing view that Africa is a basket case, the Report asserts that even with all the problems related to commodity trade, Africa has enough resources to compete successfully with other producers, and win. In order to do so, however, Africa has to be efficient in commodity production. Efficiency need not necessarily mean producing larger volumes. By effi-

Alex Ashiabor, who is presently Director of the UNPAAERD Task Force Unit at UNCTAD, acted as Secretary to the UN Group of Experts on African Commodity Problems.

ciently using its resources to increase productivity more resources will be released for diversification. To imply by this that the Experts Group Report does not support diversification is to put an unacceptable misconstruction on the Report.

Ostensibly, it appears that the Report does only deal briefly with the issue of diversification *per se*. But there is more to it, than appears. The whole point of a commodity strategy is precisely to enable each country to develop a well-coordinated and internally consistent set of mutually reinforcing policies and measures, using the commodity sector as the springboard. Since Africa is not a single unit, generalizations about diversification in such a heterogeneous group of countries have little value. However, among the objectives of such a strategy, as proposed in the Report, diversification is second only in importance to food production.

Improving food security

Within the framework of the commodity strategy there is need for clear policies on food self-sufficiency and food security. Both are important and the fine line between them should not cause a confusion in objectives. At the very least, Africa's food self-sufficiency levels can be vastly improved. Some would even argue that Africa as a region, though not each individual member country, can and should strive for food self-sufficiency as Europe has done. Deliberate efforts should be made to achieve higher levels of food self-sufficiency with the assistance of the competent agencies, such as the UN's Food and Agriculture Organization (FAO) and International Fund for Agricultural Development.

The FAO and other agencies can also help to realize the potentially profitable avenues for the not undesirable policy of horizontal diversification within the commodity sector, into such areas as non-traditional agricultural products, fisheries, new minerals. In addition, cocoa, coffee, fruits, vegetable and vegetable oils, fibres, timber, fisheries, all offer potential for higher earnings from increased processing, as do some minerals. Countries, again, can draw on the assistance of bodies such as the UN Conference on Trade and Development (UNCTAD) or the UN Industrial Development Organization (UNIDO) for advice on modalities and appropriate technology.

Obsession with the "transformation" of African economies has led in the past to grandiose action plans, declarations and false starts, many of which, because they ignored basic issues addressed in the Fraser Group Report, failed to take-off. Diversification from above — that is, forced attempts to implant industrialization without first establishing a culture of efficiency, productivity and sound economic management — have been tried before and failed.

The populist approach to diversification would have African countries expect "massive external resources" to finance transformation. As the old saying goes, "if wishes were horses, beggars would ride." This is not to say that Africa must go it alone. International support is needed in all areas. These include international cooperation on commodity agreements, producer cooperation, diversification, market access, human resource development, and external resource flows, including private investment. For these to happen on the scale required to meet Africa's needs, Africa's external partners must also change their attitudes and ways of doing things.

A number of possibilities exist for tapping external resources. The Second Window of the Common Fund is designed to assist countries with market research and development. African countries can already take advantage of this facility by requesting some of the necessary studies to support their diversification programmes. In addition, a diversification fund has been proposed by the UN Secretary-General in his report on UNPAAERD. Funds from the latter could be put to two principal uses — to finance market research and development, as well as feasibility studies; and to establish venture capital operations, the main objectives of which would be to promote private companies. By relying mainly on the private sector as the principal actor, the latter concept offers something new on diversification proposals, which have usually been state enterprise-led. Venture capital companies are essential because risk capital is scarce in Africa. In this regard, the diversification fund's management could draw on the experience of the International Finance Corporation, even when entering into partnership in establishing venture capital companies. Some relationship could also be established with the World Bank's Multilateral Investment Guarantee Agency (MIGA) to cover some of the risks involved.

The Fraser Group Report believes that external resources will be essential for diversification. But it also believes that trade-generated resources are the most likely substantial source of such funding — and the only way to earn the trade-generated resources in the short-term is to be more efficient in current areas of economic activity. For Africa, whether one likes it or not, this means greater efficiency in commodity production, as well as efficient management of resources so as to generate the necessary savings.

A major concern of the Report relates to access to markets. Obviously, Africa must find markets for its diversified products. Hewitt and Singer appear to dismiss this concern as inconsequential, and others would insist that market access is no problem. Studies by UNCTAD, however, confirm the generally held view that tariff escalation is associated with higher degrees of product transformation.

On the African side, the Report attaches great importance to marketing. Questions of quality control, timeliness and regularity of deliveries, attention to special needs of customers and packaging are all stressed.

Efforts should continue in UNCTAD and in the General Agreement on Tariffs and Trade (GATT) to assist African countries to obtain improved access to markets. In the maze of non-tariff barriers trade experts can always find avenues for exports. This, however, is expert knowledge, not likely to be available to the generality of African countries. Africa needs assistance in this area. The international community, through its various agencies, such as the UN Development Programme (UNDP), should find ways of assisting African countries to train experts who can assist them to identify and develop export opportunities.

Market access does not equate with market penetration. Even with restrictions removed, skills in market research and market development will still be needed. This falls under the purview of both the Common Fund for Commodities and UNCTAD/GATT's International Trade Centre (ITC). The Common Fund is new and still in the process of developing its programmes. But the ITC has significant experience in the practical technicalities of market penetration.

Almost all the issues critics say are ig-

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Africa's 'silent revolution'

By Pierre Pradervand

Possibly the greatest sign of hope for Africa is the silent, grassroots revolution taking place in villages across that vast continent, a revolution in which millions of peasant farmers are organizing themselves into village self-help groups. This contradicts the common media image of Africa as a region of insurmountable problems and crises, a hopeless cause.

African farmers certainly have been faced with growing challenges and difficulties. In some countries environmental deterioration has proceeded at a pace perhaps unsurpassed anywhere in the world. For each tree replanted on the continent, for example, 10 others are cut down.

The result has been a real and sometimes dramatic decline in living standards. The strains have been especially immense for women, who sometimes have to walk 30 kilometres for wood, 40 kilometres for water and 70 kilometres to sell vegetables.

Peasants not passive

African farmers did not passively wait for outside aid, however. In the late 1960s, but especially the early 1970s, key innovators (who were not always farmers but teachers, returned emigrants and the like) starting organizing villagers at the grassroots, primarily in the Sahel region, and later in some other parts of the continent.

At first they organized small self-help groups in their own villages, which undertook a variety of development projects: digg ng wells, building granaries, organizing communal fields. These groups numbered anywhere from 20-30 participants to more than 100. Not only did they often cut across gender lines, but they were on occasion multi-ethnic. In most known cases, women constitute the majority of these groups — up to 90 per cent in some areas of Gambia and Kenya.

By the mid-1970s local peasant farmer networks started to emerge and in the Sahel organized themselves into the first peasant farmer federations. Today these networks have in some cases turned into influential organizations, like the 100,000-strong FONGS in Senegal, which unites the main peasant organizations of the country, or the Naam movement in Burkina Faso, which boasts close to 300,000 members. One must add, however, that such developments have been extremely uneven across Africa, and almost non-existent in some countries.

One of the most significant factors in this revolution has been the role played by women, not only in numbers, but especially in the level of their active participation. Everywhere, male peasant leaders stress that the women are better organized, are much more disciplined and hard working, save more than men do and are more dependable. There has been more than one example of a project, such as a village mill, which was failing when run by men, but which became successful when women were put in charge.

Governments as partners

Not surprisingly, the countries where one finds the best-run peasant farmer organizations — Burkina Faso, Senegal and Zimbabwe — are also ones where the governments have acted in partnership with the farmers. In these countries, the state realized the advantages of letting the farmers organize: reduced need for government intervention in agriculture and increased motivation of farmers, a key factor in increasing production and productivity in the long-run.

In contrast, progress has been stunted in some other countries, usually with one-party states, where governments have been suspicious of anything resembling nationwide peasant farmers organizations or have tried to forcibly "organize" farmers into state-run cooperatives, which often proved to be costly failures.

In the Sahel, where farmers are better organized than elsewhere, one organization that has played a key role is the "Six S," after the initials of its name in French, Se Servir de la Saison Sèche en Savane et au Sahel (using the dry season in the savannah and the Sahel). It is an international non-governmental organization (NGO), run largely by farmers, with financial support coming mostly from Europe.

The "Six S," launched in 1977, has a unique system of "flexible funding": farmer organizations receive funds which are not tied to specific projects and which they can use as they wish (according to criteria defined by the farmers themselves). This has enabled the organizations to finance their own development, their own training courses and hire their own consultants when needed. The "Six S" today groups federations with a membership of half-a-million farmers in eight countries.

Empowerment

The key to this revolution can be expressed in one word: empowerment. Through self-organization, starting at the village level, farmers are, for the first time since the pre-colonial era, beginning to master their own destiny, although slowly, with as many defeats as successes. At the local level, they are able to democratically make decisions concerning their own development. In areas where women had no say whatsoever, and often could not even speak in public, this marks a major breakthrough. People are beginning to realize that "development" is a process as much as a goal, and a process which they can slowly master.

Everywhere, male peasant leaders stress that the women are better organized, are much more disciplined and hard working, save more than men do and are more dependable.

In recent years, NGOs from the North have played a major support role. While their support has been useful, there have also been may cases where their impact has been negative: not only because they compete with each other, but because too often they rush in with funds as soon as a group of farmers starts organizing — a good way of killing any budding spirit of self-help.

For this reason it is important that NGOs focus on institution-building, that is, helping villagers develop strong organizations at the grassroots, so that they can become independent of their partners from the North as soon as possible, especially in financing. There can be no authentic partnership where there exists a relationship of financial dependency. In the meantime, systems of flexible funding along the "Six S" lines, rather than project aid (which is often disguised paternalism or exterior control) should be implemented.

Above all, in countries where these peasant organizations are well-developed, it would be wise to include them in all national, regional and local planning efforts. There is much that can be learned from peasant farmers. ■

Dr. Pierre Pradervand is the author of Listening to Africa: Developing Africa From the Grassroots *(New York: Praeger, 1991), which recounts his observations based on visits to more than 100 villages in West, East and Southern Africa.*

Debt Day

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institutions should explore creative debt reduction programmes. The National Association for the Advancement of Colored Peoples, promised its president, Reverend Benjamin Hooks, would pressure the US Congress, the IMF and the World Bank to amend their rules in order to reduce Africa's debt burden.

Priority actions

The multilateral financial institutions should also set up very long-term loan facilities for poor and semi-poor countries at highly concessional rates, argued Mr. Bettino Craxi, formerly the Secretary-General's personal representative for debt and now his special adviser on peace and security. He made several proposals for priority action, including improved official debt cancellations and reschedulings by the Paris Club (with new concessions applied to old agreements in certain cases), and further progress on debt for nature swaps involving public and publicly guaranteed debt.

Mr. Craxi also said that 10 per cent of Western military spending — amounting to $800 bn. or 5.5 per cent of their collective GNP — should immediately be converted into additional investment in the least developed as well as the Eastern European economies, followed by a more gradual conversion of a further 10 per cent.

A large and varied audience was at the U.N for African Debt Day, 28 October 1991.

All Africa needs, declared Rev. Sullivan to standing ovations, is to have its heavy debt burden lifted, to secure new investment as well as the "educational and technical assistance other developing countries have received", and Africa would "match any other continent in commerce and progress." He declared this a new day for Africa, with a message of solidarity that would be carried to the rest of the world.

The objective of this special Day of Debt Relief for Africa had been "to try something new, something more audacious," said Mr. Diallo. Judging by the high-level attendance and the urgency shown by "these leading figures from both public and private sectors" in their speeches, he felt that Africa's voice was indeed being heard. ■

ECA's Diallo urges donors: "Let's invest in Africa"

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conditions, merely granting debt relief will still leave Africans with the problem of "how they will eat tomorrow." African countries still have to get funds from somewhere. "Debt forgiveness has to be coupled with more investment in Africa," Mr. Diallo argues. He urges measures to stop the current disinvestment from Africa. "Let's invest in Africa," is the message from the new ECA head.

In an example of the flexible approach to be adopted, Mr. Diallo suggests that for the poorest countries all debt could be forgiven, while for others, perhaps half could be forgiven. The remaining 50 per cent could be linked to issues on which there is full agreement between Africa and the donors, such as good governance or action on the environment, Mr. Diallo suggests.

Mr. Diallo is not afraid to acknowledge that Africa may have to accept such conditionality on the increased debt relief and resources it seeks. Despite continuing concern in Africa over adjustment programmes, Mr. Diallo believes that one cannot in good faith challenge the World Bank and the IMF's insistence on the very strict management of African economies. "They are right to be tough on this question," he asserts. "We have to proceed through this adjustment," he says, comparing it to going to a doctor "when your sickness is so serious that you don't leave him much choice."

But he acknowledges that there can still be disagreements on just how to go about an economic cure. And he points to Africa's rapidly changing political scene to urge caution and flexibility on donors in the economic policies that they advocate should be implemented. Africa is "moving towards democracy," Mr. Diallo argues, but in the present transition stage, political reform can make economic restructuring more difficult. New leaders have to manage an economic and social situation, not of their making, in which 20-30 years of mismanagement have weakened the "economic ground" in which democracy must take root. "You cannot eat, you cannot feed yourself on democracy," Mr. Diallo points out.

"What do you do as a democrat?" Mr. Diallo asks of donors. "do you let the new leaders fail, or do you help them?" On the African side there is a commitment to building democratic institutions, as well as to "keeping the books open" — a reference to concern over more transparent government.

but, Mr. Diallo insists, donors must also act. Can donors talk about democracy in the difficult economic conditions presently prevailing through much of Africa and still "run after" all their debt obligations, Mr. Diallo asks. He poses the question: "What if the democrats start collapsing?"

It is in this context that he argues the case for lifting Africa's economic burden, including that of debt. And because Africa is already taking up its burden of responsibilities, Mr. Diallo is confident it will be listened to and that something will emerge from the series of meetings he has planned to get under way next year. ■

Emergency

from page 10

(UNDRO), which currently has the responsibility for coordinating UN relief efforts.

To be able to alert donors more quickly about specific emergency needs, the UN will issue initial international appeals within one week of an emergency being declared, on a system-wide basis (rather than individual UN agencies issuing separate appeals). To cover the inevitable lag between even a prompt appeal and the time needed for donors to respond, the new $50mn "central emergency revolving fund" will allow the UN to provide some immediate assistance. The fund will then be replenished as donor contributions come in.

During an initial 4-5 November General Assembly debate on this issue, some points of controversy emerged, with delegates from developing countries expressing concern over the concept of "humanitarian intervention," especially as it has been articulated by some donor country officials. Among other representatives, Ghana's delegate, Kofi Awoonor, speaking on behalf of the developing countries' Group of 77, noted that the UN was founded on the principle of consent and respect for sovereignty. The UN, he said, must not be commandeered into forming "an assistance brigade that would deliver its gifts by coercion."

Mr. Bernard Kouchner, France's minister for humanitarian aid, set out to reassure countries that donors were aware that humanitarian assistance must "respect the sovereignty of states" and should not "in any way interfere in the affairs of a nation."

The "guiding principles" for humanitarian aid adopted by the General Assembly in December reassert the UN's respect for the "sovereignty, territorial integrity and national unity" of states and affirm that humanitarian aid should be provided "with the consent of the affected country."

"I think everyone is agreed," Mr. Jonah said, "that the international community cannot stand idly by while people are being starved and parties in conflict are preventing the delivery of humanitarian assistance." However, finding ways to deliver such aid does not mean "going at random and intervening in the affairs of sovereign states."

Africa's food needs, 1991
('000 tonnes)

Selected countries	Total import requirements	Commercial purchases	Food aid provided	Food gap*
Angola	385	190	76	119
Ethiopia	1,265	0	946	319
Liberia	159	13	164	0
Mozambique	713	8	621	84
Somalia	236	125	62	49
Sudan	1,500	600	697	203
All Africa	20,468	13,590	5,706	1,172

*Figures estimated by respective national governments as of early September 1991.

Source: Africa Emergency Food Needs and Agricultural Import Requirements 1991.

Overcoming insecurity

UN and other relief personnel have already been extensively involved in the Horn, and a few other regions, in seeking to overcome such political difficulties: negotiating with governments and insurgent movements to guarantee "corridors of tranquility" by which emergency aid can be delivered, arranging airdrops and complex cross-border supply operations, working with NGOs to bring assistance to refugee populations, helping to negotiate repatriation for refugees when conditions in their home countries improve.

Leaders in the Horn region are also moving to try to resolve such issues. During visits to Ethiopia by the presidents of Djibouti and Kenya, initial discussions were held on the possibility of convening a region-wide conference on humanitarian issues and emergency relief operations. The UN has been asked to participate. The idea, Mr. Jonah said, would be for the governments "to pledge their commitment to guarantee the security of humanitarian operations in the Horn."

At the moment, such security is lacking in much of the region, making ongoing relief efforts exceedingly difficult. Transport has been destroyed, roads have been mined, food stockpiles have been pillaged and relief personnel have been killed.

The downfall of the previous Ethiopian government in May and the coming to power of rebel movements in Addis Ababa and Eritrea have made it easier to bring emergency aid to the central and northern parts of the country. But eastern Ethiopia remains highly insecure, necessitating costly airdrops of food from Djibouti to refugee camps in the area.

In Somalia thousands of civilians have been killed since mid-November in Mogadishu, the capital, following the outbreak of fighting between different factions of the United Somalia Congress, the insurgent movement that seized power in January 1991. The severity of the fighting has forced the evacuation of UN personnel from southern Somalia, although the UN World Food Programme continues to channel food through several international NGOs that have maintained operations in the south.

UN efforts are continuing, however, in northern Somalia, where conditions are more secure for the moment. Some have wondered whether this UN presence might not imply recognition of the separate state proclaimed by the Somali National Movement, which gained control of the region in early 1991. "We are operating in the North because of our single principle of bringing assistance to the people," explained Mr. Jonah. "We are not in the business of recognition. We are in the business of bringing relief to the people."

In Sudan an ongoing civil war between the government and the Sudanese People's Liberation Movement (SPLM) has made the provision of international relief to the south extremely difficult for several years already. But now a split between different factions of the SPLM has complicated things yet further, causing more civilian deaths and refugee migrations. The UN's Special Coordinator for emergency operations in Sudan, Per Janvid, has met with both SPLM factions in an effort to guarantee safe passage for relief supplies.

Djibouti, which was previously free of internal armed conflict and whose port serves as a major transit point for relief operations in much of the Horn, was also afflicted by severe ethnic fighting in November. ■

"I think everyone is agreed that the international community cannot stand idly by while people are being starved and parties in conflict are preventing the delivery of humanitarian assistance."

UN Under-Secretary-General James Jonah

Debt

(from page 1)

(SPA) for low-income countries — which now covers 24 countries — "current indications of financing allow no room to accommodate additional countries".

Varied experience

The World Bank points out that Africa's economic and debt experience in recent years has been varied. For Rwanda, Algeria, Ethiopia and Uganda the severity of their indebtedness increased, the Bank says, with the last three now classified as "severely indebted," compared with 1988-90. However, the situation of Benin, Cape Verde, Comoros, Gambia, Mali, Senegal, Togo and Zimbabwe improved.

In a detailed assessment of debt relief measures, the Bank calculates that 38 per cent of end-1990 bilateral concessional sub-Saharan debt had been forgiven. Debt cancellations since 1978 total $11.6 bn — the vast bulk of it for Africa — with some $7.4 bn cancelled since 1989. In 1990, this included $3.1 bn cancelled by France, $730 mn by Germany and $805 mn of development aid debt by the United States.

In 1991, the US has in addition cancelled $416 mn of food aid debt to eight African countries — $102 mn of it for Kenya — with further cancellations possible in the current 1992 US fiscal year, provided eligible countries are undertaking adjustment programmes. This brings its total cancellation of African debt to over $1.2 bn.

According to the World Bank, 1988-90 debt forgiveness has reduced scheduled 1991 debt servicing by some $500 mn, or 7 per cent. However, actual cash savings are likely to have been far less, as much of the debt would have been rescheduled anyway.

A similar conclusion is reached on the benefits of the $5.5 bn of debt of 18 African countries rescheduled under Toronto Terms. The Bank calculates that the debt burden of these countries has been lowered by about $900 mn, equivalent to only 2.5 per cent of the original servicing requirement. Again, with actual payments by most African countries only running at half of original obligations, the actual cash savings, in the short term, have been "limited," the Bank says.

In response to mounting African concern at their debt burden, leading Western creditors, at their London summit in July, promised to quickly offer deeper debt relief, centred on the UK's "Trinidad Terms." Progress, however, has continued to be stalled by US concern over the budgetary implication of debt cancellation, as a result of its Credit Reform Act which came into effect in October. Previous aid cancellation by the US has not had any budgetary implication, but US officials confirm that under the new rules any further forgiveness would now involve a countervailing appropriation from the aid budget. Attempts to form a consensus are putting many "key 'Trinidad' proposals at risk (see box page 3).

This includes proposals for a one-off cancellation of all eligible debt, which, according to the World Bank's Chief Economist for Africa, Mr. Ishrat Husain, is the single most beneficial element in the 'Trinidad' package. By doing away with the existing 'Toronto' system in which the debt is cancelled in separate tranches over a number of years, this would save on innumerable meetings. More importantly, by reducing

(article continues page 42)

SUB-SAHARAN AFRICA'S DEBT PROFILE ($mn)

	1980	1986	1987	1988	1989	1990	1991†
Debt stock							
Total debt stock	56.285	115.083	143.531	145.916	154.751	173.737	175.836
Long-term debt	43.555	95.447	121.694	123.826	131.069	146.240	149.151
Short-term debt	9.697	13.607	14.266	15.090	17.302	20.895	20.329
Debt to IMF	3.033	7.030	7.571	7.000	6.380	6.603	6.356
Interest arrears	215	2.523	4.440	6.353	7.965	10.500	9.319
Debt structure							
Multilateral (%)	18.8	24.5	24.7	24.6	24.4	25.0	26.8
Bilateral (%)	29.6	35.6	36.3	35.9	38.2	39.4	40.2
Private (%)	34.4	28.2	29.0	29.1	26.3	23.5	21.5
Short-term (%)	17.2	11.7	9.9	10.3	11.2	12.0	11.6
Debt service							
Total debt service	6.298	10.121	8.750	10.090	9.466	10.070	10.604
Long-term debt service	4.786	7.652	6.721	7.941	7.340	8.255	9.042
IMF payments charges	487	1.689	1.543	1.493	1.596	1.192	1.009
Short-term debt (interest)	1.025	780	486	655	531	623	553
Resource flows							
Net resource flows	11.008	10.755	13.144	13.577	17.042	16.842	16.357
Net transfers	5.946	6.578	8.354	8.420	12.603	12.172	11.167
Net transfers (IMF)	730	954	863	461	734	527	430
Debt ratio							
Debt exports (%)	97.1	325.0	359.6	361.2	351.9	329.5	340.8
Debt GNP (%)	28.1	72.4	99.8	98.1	103.5	111.1	106.1
Debt service exports (%)	10.9	28.3	21.9	25.0	21.5	19.1	20.5

Debt

from page 41

the "debt overhang," it would remove a considerable element of uncertainty Mr. Husain argues. "Domestic and foreign investors adopt a wait and see attitude, depriving economies of the much needed infusion of capital, technology and skills."

Even if implemented in full the 'Trinidad Terms' would still leave a number of countries with a difficult debt servicing burden, a detailed analysis in the *Debt Tables* shows. It confirms in large part an earlier analysis by the UN Conference on Trade and Development (UNCTAD) in its *Trade and Development Report, 1991*.

Full implementation of 'Trinidad' would significantly lower the scheduled debt servicing of several countries, such as Ethiopia, Guinea, Sao Tomé and Tanzania, the Bank's *Debt Tables* suggest. But for some countries, where considerable debt is owed to non-Paris Club creditors, relief would be more limited.

The depth of relief would be improved by a combination of cancelling all remaining development debt and rescheduling remaining bilateral official debt, the Bank suggests. But even then six African countries — Guinea-Bissau, Mozambique, Sierra Leone, Somalia, Sudan and Uganda — would still require even more extraordinary measures if their debt burden is to be made more manageable. The last three countries also face arrears problems with multilateral agencies, which urgently need addressing.

As well as deeper relief, a wider range of debtors could also benefit. The Bank points out that three African countries — Congo, Côte d'Ivoire and Nigeria — generally excluded from concessional debt relief — face debt difficulties little different from countries traditionally considered by donors as being low-income. ■

Fraser

from page 37

nored by the Fraser Group Report are in fact covered, though there may be differences in how strongly each point is made. However, it is difficult to escape the conclusion that what gave rise to most of the problems some people have had with the Report is its approach. Instead of traditional chapters on dependence, diversification, etc., it adopted a novel approach which placed these issues in the context of the urgent need for changes in attitudes and organizational behaviour.

The Fraser Group did not set out to produce a "populist" report, replete with slogans on transformation and the need for increased resources, without regard to appropriate policies. This may well have been a major source of disappointment in some quarters.

However, many African governments are already taking strong measures to remove many obstacles in the path to development and diversification of their economies. In this process they are becoming aware that the development assistance euphoria of the post-independence period has waned and that in the harsh world of economic relations, there are no soft options. In any case, those who provide external assistance expect the resources to be used efficiently. That is what the debate about efficient economic management is mostly about.

What the Fraser Group Report has done is to express strong optimism in Africa's future and by addressing some simple, though often overlooked, house-keeping issues, encourage African countries and the international community to pursue those policies most likely to bring about the common goal of reducing Africa's chronic dependence on commodities and generate the diversification of the region's economies. ■

Environment

from page 2

the reversal of desertification, drought monitoring, efficient and equitable use of water resources, management of biodiversity and bio-technology, development of science and technology, and poverty eradication.

Some of these issues had already been addressed at other environment-related conferences in Africa over the past year. At a January 1991 conference in Bamako, Mali, convened by the Organization of African Unity, a convention was adopted prohibiting the dumping or transporting of toxic and other hazardous wastes in Africa. A Pan-African Symposium on Science and Technology for the Environment and Development, held in Abidjan in August, looked at Africa's critical need for access to more environmentally sound technologies.

The Common Position stresses that it is vital for African countries, on their part, to systematically integrate environmental criteria into all aspects of economic decision-making, including by developing systems of accounting that estimate the costs of natural resources depletion.

It is especially important, the Common Position says, for African countries to promote "popular participation and full democratization" at all levels of government, decision-making and implementation. Environmental programmes should involve NGOs, women's organizations, youth groups, trade unions and the private business sector. ■

UNCTAD

from page 14

G-77 countries want a stronger, more efficient UNCTAD acting as a negotiating focal point that integrates trade and development issues, in order to promote accelerated recovery and self-sustaining developing economies. They also want UNCTAD to review systematically the implications for developing countries of the policies of the World Bank, International Monetary Fund and the General Agreement on Tariffs and Trade (GATT). Mr. Dadzie said UNCTAD VIII would be an opportunity to agree on clear directions for reform efforts.

However, other divergences persist, particularly on the relative importance of international and domestic factors in solving development issues, as was apparent during the final review of the UN Programme on Africa (see page 1).

On resource flows, African ministers feel the achievement of net positive transfers to Africa should become a "moral obligation" for developed countries and multilateral financial institutions. In the key area of trade, African and developing countries aim to secure better access to industrial markets, and defend their existing trade preferences from further erosion in the Uruguay Round.

Africa and the G-77 are seeking to maximize their commodity sector's contribution to development. They are calling for effective commodity agreements, stable, remunerative prices, and international financing for economic diversification. They have also called for relief from the "chronic insufficiency" of compensation payments for the recurrent shortfalls in commodity earnings, adding that all countries and all commodities would eventually have to be adequately covered.

Their overriding concern is to make progress in Cartagena towards a more equitable international economy where the rules and practices are democratically determined, and where sound economic policies are practised by developed and developing countries alike ■

AFRICA
IN BRIEF

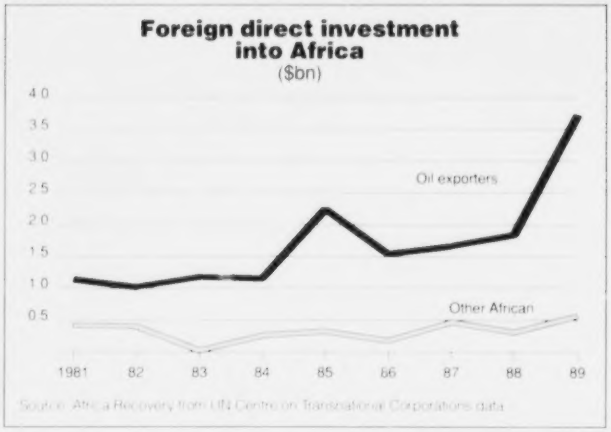
Investors urged to consider Africa

Despite Africa's well-known economic difficulties, "wide-ranging business opportunities exist all across the continent," African Development Bank President Babacar Ndiaye told a well-attended luncheon at the New York Stock Exchange in November. In fact, according to the latest figures, foreign investors have already been showing some renewed interest in Africa, although this has been confined mainly to the continent's oil-exporters (see graph).

In a speech in Washington the day after his Stock Exchange address, Mr. Ndiaye hit on the same theme, urging US businesses and financial institutions to explore Africa's many opportunities for "profitable private investment."

Also in November, the US government's Overseas Private Investment Corporation (OPIC), along with the US Agency for International Development, sponsored a trip to Côte d'Ivoire, Gambia, Ghana and Senegal by a delegation of US business leaders. With more than 40 companies taking part, it was the largest investment mission OPIC had ever organized. "The political changes taking place in many African countries are making them a lot more attractive to American companies," commented OPIC Vice-president Kevin Callwood.

In his New York address, Mr. Ndiaye drew particular attention to the fact that hundreds of state enterprises in Africa are slated for privatization, with a book-value running into several billion dollars in West Africa alone. He also appealed for technical assistance from the US business community to support the fledgling stock exchanges that are being established in many parts of Africa.



Source: Africa Recovery from UN Centre on Transnational Corporations data

Recent reports by the UN Centre on Transnational Corporations (UNCTC) and the International Finance Corporation (IFC), the World Bank's private sector lending arm, suggest that attracting significant new amounts of foreign investment will be an uphill struggle. The IFC, in its 1991 annual report, states that despite widespread economic liberalization to encourage private enterprises in Africa, "it will be some time before the private sector responds." The UNCTC, in its recently published *World Investment Report 1991*, notes that deteriorating business conditions and political instability in much of sub-Saharan Africa "have been contributing factors to the persistently low levels of foreign direct investment."

One of the areas in which there has been some investor interest is in the extractive sectors, however. Data from UNCTC shows that while net inflows of foreign investment into 39 non-oil producing countries in Africa were stagnant during the 1980s, net flows to African oil exporters rose from around $1 bn in 1981 to $3.7 bn in 1989.

The domination of extractive industries in investment flows has been reflected in the IFC's own activities in Africa. In fiscal year 1991, the institution approved $383 mn in loans, guarantees and other financing for the continent, $319 mn of it to sub-Saharan Africa. Much of this was in support of natural-resource based industries: gold mining projects in Ghana, a soda ash facility in Botswana, a manganese processing plant in Gabon, etc.

Well over half the IFC's new financing to sub-Saharan Africa in 1991 went to one project, the Oso condensate (liquid gas) field in Nigeria, which is to receive a loan of $170 mn from the agency. The field is being developed jointly by the foreign-owned Mobil Producing Nigeria, the recipient of the IFC loan, and the government-owned Nigerian National Petroleum Corporation, which has been granted a loan of $218 mn from the World Bank. ■

Support for African press

UNESCO reports that it has received a $400,000 proposal from the International Federation of Newspaper Publishers and Reporters Sans Frontiers "to help the independent African press stand up to censorship and the numerous difficulties threatening its existence." The funds would create a "sponsor" system of cooperation between newspapers in the industrialized world and Africa.

The project foresees an exchange of news and the development of "real solidarity between the sponsors and the sponsored," so that when a paper in Africa is shut down, seized or sued, its sponsoring newspaper in the North would use its influence to help. UNESCO will consider the project request in February 1992.

International interest in sponsoring the African press became clearly visible for the first time in April 1991 in Windhoek, Namibia, at a seminar for the development of an independent and pluralist African press, which was organized by UNESCO and the UN Department of Public Information. ■

Development finance conference proposed

UN Secretary-General Javier Pérez de Cuéllar has proposed that an international conference on development financing be convened at the end of 1991, with the active participation of the World Bank and International Monetary Fund (IMF).

Noting the widespread movement toward pluralism and democracy across the globe, at the same time that millions of people continue to be afflicted by poverty and immiseration, he asserted that "the promise of a peaceful and democratic order will translate into reality only if the resources are found for the reforms that currently enjoy so much support."

Given the immense needs of the developing countries, the purpose of the conference would be to discuss ways to tap substantially more resources for development from the industrialized countries, in particular to strengthen the financing capacity of the World Bank, IMF, UN and regional development banks.

One way in which this could be done, Mr. Pérez de Cuéllar suggested, would be to "cut wasteful and unproductive expenditures" in defense, which currently consumes $1,000 bn annually, and in agricultural support programmes, including subsidies, which amount to

Unrelieved gloom for African commodities

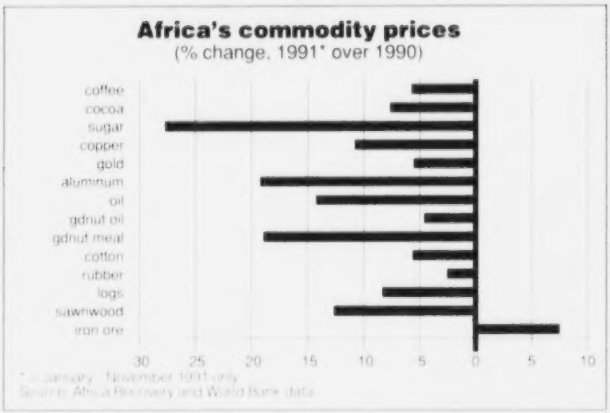
The African commodity price scene was one of unrelieved gloom in 1991. Despite an already poor 1990 for most commodities, all but one of the African commodity exports monitored by *Africa Recovery* registered a fall in average prices during the current year.

Average prices are for January-November 1991, but only cocoa and gold were showing any prospect of improving their price during the first half of December. For many others, including oil and copper, prices were continuing to move sharply downwards.

The failure of major industrialized countries to engineer any sustained recovery, coupled with continued high protection for many products explains much of the gloomy price trend, which has led the World Bank in its latest *World Debt Tables* to project a 2 per cent fall in nominal export earnings for sub-Saharan Africa in 1991 (see page 3).

Aluminium, sugar, groundnut meal, oil, sawn wood and copper all showed falls of over 10 per cent in average prices in 1991. Metals, generally, are in plentiful supply, given the hesitancy of industrialized country growth. With the majority of members of the Organization of Petroleum Exporting Countries (OPEC) producing at near-capacity, oil prices also moved quickly down from the highs recorded during the Gulf crisis. With Bonny light at under $20 a barrel in first-half December, the 1991 average price of Nigeria's major export is likely to be $1 or more adrift from the $21 a barrel used as a basis for the country's 1991 budget.

Cocoa and coffee producers will be particularly disappointed at another year of falling prices, their seventh and fifth consecutive year, respectively. Nothing came of tentative efforts in both commodities to resurrect international price agreements. However, cocoa did see a late, but welcome, upturn in prices after August, in prospect of the first world deficit in seven years.



The reverse was true for cotton, where booming production, following two years of relatively high prices, sent prices sharply downwards in the second half of the year. Sugar prices also moved down further in 1991 in the face of rising production, falling to their lowest levels in three years in the second half of 1991.

The International Monetary Fund still predicts an improvement in industrialized country growth in 1992 of 2.8 per cent, up from 1.3 per cent estimated for 1991. But it is not expected to be enough to show any significant improvement in prices for major African exports over the course of the year. While cocoa prices may move up and gold has shown some signs of mild recovery, prices of most others are likely to stay flat at best. ■

$300 bn a year in the Western industrialized countries. ■

South Africa claims more African trade

South Africa President F.W. de Klerk claimed in November that in the first 10 months of 1991 his country played host to 65 official delegations from African countries outside Southern Africa. In 1990, he said, South African trade with Africa, excluding the Southern African Customs Union, increased by 24.4 per cent, to R5 bn (US$1.8 bn). His figures could not be independently confirmed. ■

Appointments

World Food Programme - Catherine Ann Bertini, a US national, has been appointed by the UN Secretary-General and the Director-General of the Food and Agriculture Organization as the new Executive Director of the World Food Programme. Her five-year term is to commence on 5 April 1992. At the time of the announcement in mid-December, Ms. Bertini was Assistant Secretary of Agriculture in the US Department of Agriculture. The outgoing WFP Executive Director, Mr. James Ingram, whose term expires, is retiring from the UN.

World Court - Mr. Bola Ajibola, the current Nigerian Justice Minister and an editor of several law journals and reviews, was elected on 5 December by both the UN Security Council and General Assembly to sit on the International Court of Justice, based in The Hague, Netherlands. Mr. Ajibola, whose term runs until February 1994, fills a vacancy on the Court caused by the death of Judge Taslim Olawale Elias, also of Nigeria. Mr. Ajibola was elected from a field of four African candidates, the three others having been Mr. Samuel K.B. Asante of Ghana, Mr. Frank Xavier Njenga of Kenya and Mr. Francis Muzingu Ssekandi of Uganda.

Joint Inspection Unit - Mr. Eugene K. Adoboli was appointed in August by the UN Secretary-General as the new Executive Secretary of the UN's Joint Inspection Unit (JIU), which is responsible for enhancing the administrative efficiency and proper use of funds of the UN specialized agencies (with the exception of the World Bank and International Monetary Fund). Mr. Adoboli, a citizen of Togo, was previously a senior official of the UN Conference on Trade and Development (UNCTAD). He has also carried out various sensitive political negotiations on behalf of the Secretary-General. ■

UNPAAERD chief retires

Mr. Bertram Collins, Coordinator of the Secretariat of the Steering Committee of the UN Programme of Action for African Economic Recovery and Development (UNPAAERD), retired in September 1991 following 22 years of service with the United Nations.

Concurrently with his position as UNPAAERD Coordinator, which he took up in August 1988, Mr. Collins was also Special Adviser to the Executive Director of UNICEF, an agency he had served in various capacities since 1977, including as Regional Director for West and Central Africa from 1983 to 1988. He first worked in Africa in 1970, and served as the first Director of the East African Community Management, now the East and Southern African Management Institute (ESAMI).

A former acting Vice-Chancellor of the University of Guyana, Mr. Collins is resuming his academic career, in the US, following his retirement from the UN. ■

A F R I C A

AGENDA

FORTHCOMING EVENTS

15-19 January, Cairo, Egypt: Eighth General Assembly of the African Regional Organization for Standardization (ARSO).

26-31 January, Dublin, Ireland: Water and the Environment, an international conference organized by the World Meteorological Organization.

February-March, New York: Fourth session of the Preparatory Committee for the UN Conference on Environment and Development.

8-25 February, Cartagena de Indias, Colombia: Eighth UN Conference on Trade and Development

March, Caracas, Venezuela: Fourth World Congress on National Parks and Protected Areas, organized by the World Conservation Union.

19-21 March, Nairobi: Regional Integration is the theme of a conference organized by the African Academy of Sciences.

May, Washington: Annual spring meetings of the World Bank and International Monetary Fund.

29-31 May, Waverly, Iowa, USA: "Africa and the 'New World Order': From Pawns to Players" will be discussed at an All-African Student Conference meeting at Wartburg College in Waverly, Iowa.

1-12 June, Rio de Janeiro, Brazil: A Global Citizens' Conference will be held simultaneously with the **UN Conference on Environment and Development** in order to strengthen the NGO input to a broadened agenda.

WHAT'S TAKEN PLACE

12 September, London, UK: "Technology Transfer and the Global Environment: Motives and Mechanisms" was the subject of a Royal Institute of International Affairs and World Resources Institute conference which discussed constraints and opportunities in the transfer of less environmentally harmful technology.

14 September, Amsterdam, The Netherlands: "World Trade in our Common Future" was the theme of a symposium on sustainable development and North-South trade, organized by, among others, NIO-Association and NOVIB. Speakers included the Dutch foreign trade minister, Mrs. Van Rooy, and representatives of developing country environmental and trade union movements.

14-18 October, Niamey, Niger: Integration and evaluation of natural resource management and desertification control measures was a symposium organized by the Permanent Interstate Committee against Drought in the Sahel (CILSS).

15-17 October, Bangkok, Thailand: Annual meetings of the World Bank and International Monetary Fund.

16 October, Washington DC, USA: Beyond Food Aid: Priorities for a Food Secure Future was the subject of a hearing of the US Congress Select Committee on Hunger to discuss food security in developing countries with testimony from US government officials and food security experts.

16-22 October, Harare, Zimbabwe: Commonwealth Heads of State and Government meeting.

19 October, London, UK: Women in Africa's Crisis was the subject of a conference at the Africa Centre.

21-25 October, Gaborone, Botswana: Solidarity meeting for cooperation in the industrial development of Botswana organized by UNIDO.

24 October, New York, USA: Our World, Our Women: Sustaining Our Common Future and **Sex Stereotyping in the Media** were the themes of two panel discussions at the United Nations to mark United Nations Day.

28 October, New York: African Debt Day was a conference at UN headquarters that focused on the debt crisis and measures towards a solution.

28-30 October, Rome, Italy: International Consultation on the Economic Advancement of Rural Women, sponsored by IFAD.

28 October-1 November, Washington DC, USA: Consultative Group on International Agricultural Research (CGIAR), an informal association of over 40 governments, international organizations and private foundations sponsored by the World Bank, FAO and UNDP, held a plenary conference on priorities and strategies for agricultural research.

4-8 November, Kadoma, Zimbabwe: NGO Forum on "Effective Participation in Local and Global Child Development", organized by the International NGO Committee on UNICEF.

Health as a condition for development

The World Health Organization (WHO) and the government of Ghana held an international forum in **Accra** on **4-6 December**, which brought together government leaders, wives of heads of state, key ministers, UN agencies and non-governmental organizations to discuss **"Health: A Conditionality for Economic Development? Breaking the Cycle of Poverty and Inequity"**. The forum explored ways of fully integrating health goals in development strategies and policies, paying particular attention to the health status of vulnerable social groups, especially women, which make essential contributions to economic development but which usually have little access to such basic goods and services as food, safe water, sanitation and decent shelter. A WHO background document for the forum argued that health status cannot be traded off against economic gain, and that the process of adjustment must seek to meet both health and macro-economic objectives simultaneously.

4-8 November, Miami, US: Global Assembly of Women in the Environment Convened by the UN Environment Programme, over 400 women discussed policy changes in environmental management.

5 November, New York, USA: The Global Economy and the New World Order: The Political Economy of the World Bank, IMF and GATT was discussed by a panel organized at the New School by The Other Economic Summit (TOES). The speakers included Cheryl Payer, author of *The Debt Trap*.

8-9 November, New York, USA: "Can Democracy Deliver: Obstacles and Opportunities in the Post-Cold War Era" was the theme of the African-American Institute's 22nd annual conference, at which keynote speakers included President Nicephore Soglo of Benin.

11-15 November, Mbabane, Swaziland: Environment and Development in Africa: Scientific Initiatives and Leading Issues were discussed at an African Academy of Sciences conference.

18-21 November, Dakar, Senegal: West African Investment Conference sponsored by the African Business Roundtable.

19-21 November, Paris, France: Fourth Summit of Francophone Heads of State and Government.

19-23 November, Bangkok: Eighth Afro-Asian regional conference of the International Commission on Irrigation and Drainage

27-29 November, Brussels, Belgium: Consultative meeting of development finance institutions in the context of the Second UN Transport and Communications Decade for Africa, organized by the African Development Bank.

December, N'Djamena, Chad: Sub-regional conference of ministers of natural resources, sponsored by UNDP.

December, Ouagadougou, Burkina Faso: African Ministerial Conference on Desertification

9-13 December, Melbourne, Australia: The Physical Causes of Drought and Desertification, an international conference organized by CSIRO Division of Atmospheric Research.

15-17 December, Geneva, Switzerland: "Movement of People in the 1990s: Challenges for Policy-makers" was the theme of a North-South Roundtable meeting sponsored by UNHCR.

16-19 December, Dakar, Senegal: Sixth International Conference on AIDS in Africa Over 1,500 African and international experts on AIDS were expected at this major conference, whose sponsors included the governments and development agencies of Senegal, Canada, Norway, Denmark, Sweden, France, Germany, UK, US, as well as UNICEF, UNESCO and UNDP, and both private and non-governmental organizations.

17-20 December, Paris, France: International NGO preparatory conference for the UN Conference on Environment and Development organized by the International NGO Steering Committee.

AFRICA BOOKS

Mozambique: Who Calls the Shots?, by Joseph Hanlon (Indiana University Press, USA; and James Currey, London; 1991; £35 cloth, £11.95 paper) **Renamo: Terrorism in Mozambique**, by Alex Vines (Indiana University Press, and James Currey; 1991; £7.95). The first book looks at aid, destabilization, non-governmental organizations and the problems arising from their impact on Mozambique, while the second looks specifically at the devastating effects of the anti-government Renamo movement on Mozambique's population and economy.

Annee africaine, 1989 (Centre d'Etude d'Afrique Noire, BP 101, 33405 Talence Cedex, France; 1990; FF180). This yearbook of Bordeaux University's African research studies centre focuses on Southern and South Africa, but also includes papers on Senegal (and Senegambia), Niger, Togo, Ethiopia, and the Comoros.

Ghana: Adjustment and Growth, 1983-91 by Ishan Kapur, Michael T. Hadjimichael, Paul Hilbers, Jerald Schiff, and Philippe Szymczak (International Monetary Fund Occasional Paper No. 86, Washington DC; 1991; $10) reviews Ghana's adjustment efforts, finding significant progress in laying the foundations for sustained growth in output and employment, and for long-term development, and that deeper adjustment is required for several more years.

A History of Resistance in Namibia by Peter H. Katjavivi (Africa World Press, 15 Industry Court, Trenton NJ 08638, USA; 1990; $35 cloth; $11.95 paper) written by a leading historian of Namibia and also a member of SWAPO, is part of UNESCO's Apartheid and Society series.

Rebalancing the Public and Private Sectors: Developing Country Experience (Organization for Economic Cooperation and Development, Paris; 1991; $32) discusses the appropriate balance of the two sectors in the context of the transition to an open market economy, with studies of 10 African, South American and Asian countries.

Debt and Democracy, ed. Ben Turok (Institute for Africa Alternatives, London; 1991;) is the third volume of papers from a 1989 conference in Dar-es-Salaam on "Alternative Strategies for Africa", covering structural adjustment, Africa in the world economy, and alternative democratic strategies.

The Informal Sector in the 1980s and 1990s (OECD, Paris; 1991; $21) presents two decades of field research on informal sector enterprise, and suggests priorities for policy and research.

Kenya: Monitoring Living Conditions and Consumption Patterns by Judith Heyer (UN Research Institute for Social Development, Palais des Nations, 1211 Geneva 10, Switzerland; 1990; $10)

Elephants, Economics and Ivory, by Edward Barbier, Joanne Burgess, Timothy Swanson and David Pearce (Earthscan, London; 1990; £8.95) discusses the economics of the ivory trade, and broader conservation issues, before making proposals on managing elephants as a resource.

African Politics and Problems in Development by Richard L. Sklar and C.S. Whitaker (Lynne Rienner Publishers, Boulder, CO, USA; 1991; $39) contains essays on class and culture, democracy and development in Africa (particularly Nigerian and Zimbabwe) and in relation to the World Bank.

Brave New Third World: Strategies for Survival in the Global Economy by Walden Bello (Earthscan, London; 1990; £5.95) analyzes declining living standards and economic sovereignty in developing countries as well as rising international and domestic inequalities, concluding with an internal and external strategy for viable and democratic development, which the author says could make the difference between development and marginalization.

Toward Peace and Security in Southern Africa ed. by Harvey Glickman (Gordon and Breach Science Publishers, New York; 1990) contains essays on local and international aspects of the struggles in Southern Africa, concluding with the editor's view that the US should align itself more actively with pro-democracy forces in South Africa.

Afrique: La Deconnexion par defaut (special issue of **Etudes Internationales**, Centre Quebecois de relations internationales, Quebec, Canada; Vol 22, no.2, June 1991; CanS16) includes articles on changing economic and political relations within Africa (the Horn, the Maghreb, Southern Africa, Nigerian "leadership") and in the international context (post-Cold War, and Africa-Europe relations), along with numerous book reviews.

Library of African Cinema is a free, annual catalogue of award-winning, feature-length African films and documentaries available on video in the US to universities, schools and public libraries from California Newsreel, 149 9th Street, 420 San Francisco, CA 94103 (tel. 415 621 6196; fax. 415 621 6522)

Africa's External Debt: An Obstacle to Economic Recovery by Y. Seyyid Abdulai (OPEC Fund for International Development Pamphlet Series No. 27, Vienna; 1990;) The OPEC Fund Director-General concludes this pamphlet with a call for an integrated approach — including trade promotion and new development aid alongside debt relief and other measures.

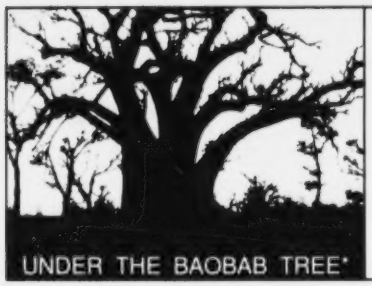
Common Responsibility in the 1990s: The Stockholm Initiative on Global Security and Governance (Published by and available from the Prime Minister's Office, S-103 33 Stockholm, Sweden; 1991) results from an April 1991 meeting of international policy-makers which proposed a global agenda for multilateral cooperation in the 1990s.

Environmental Policies for Sustainable Growth in Africa (Centre for Economic Research on Africa, Montclair State College, NJ 07043, USA; 1991) contains the proceedings of a one-day conference with speakers from the World Bank, the Environmental Defense Fund, the African Development Bank and the World Resources Institute, with a keynote speech by the Sierra Leonean ambassador to the UN.

World Resources, 1990-91: A Guide to the Global Environment (World Resources Institute and Oxford University Press, New York; 1990) a report published in collaboration with the UN Environment Programme and the UN Development Programme, presents environmental data tables on 146 countries, with a special focus on climate change, and on Latin America, as well as articles on all the key areas of natural resource concerns, and bibliographies at the end of its 25 chapters.

The Human Dimension of Africa's Persistent Economic Crisis, eds. Adebayo Adedeji, Sadig Rasheed and Melody Morrison (Hans Zell Publishers, London; 1990; $85).
African Development: Adebayo Adedeji's Alternative Strategies, by S.K.B. Asante (Hans Zell Publishers, London; 1991).
Among the many voices raised in criticism of the structural adjustment programmes adopted in Africa with the backing of the International Monetary Fund and World Bank, one of the most persistent and penetrating has been that of Professor Adebayo Adedeji, particularly during his recently concluded tenure as Executive Secretary of the UN Economic Commission for Africa (ECA). The first book, published for the ECA, presents selected papers from a 1988 international conference in Khartoum, Sudan, on the human dimension of Africa's economic crisis, with many of the contributions stressing the very high human price that structural adjustment programmes have exacted on the peoples of Africa. Mr. Asante's book provides a broader historical perspective on the issues and debates concerning the African development process, as reflected in the strategies proposed by Prof. Adedeji and the ECA. Drawing extensively on Prof. Adedeji's own writings, Mr. Asante reviews the evolution of the debate from the mid-1970s through the ECA's launching of the "African Alternative Framework to Structural Adjustment Programmes" in 1989.

Debt and the Environment: Converging Crises by Morris Miller (United Nations, New York; 1991; $19.95). Bilateral and multilateral vested interests as well as institutional rigidities have hampered progress on debt and the environment, says the author, a former World Bank executive director. Working from the 1970s origins of the debt crisis, and the first UN Conference on the Human Environment in Stockholm in 1972, Mr. Miller calls forstructural adjustment in the international economy and changes to major institutions including the UN, arguing that higher capital flows and deeper debt cancellation will relieve the pressure on the environment in developing countries.



UNDER THE BAOBAB TREE*

EDUCATION FOR GIRLS

DJIBRIL DIALLO

This is a true story which took place in Pakistan. A mother had non-identical twins, but did not have enough milk for both children. So she decided to bottle-feed the girl and to breast-feed the boy. The results were soon clear for all to see: the girl died six months later, while the boy doubled his birth weight. The fact is that since milk powder is expensive, it often gets diluted to make it last longer. Access to clean water is also far from universal, meaning that many people have to use polluted water. Also, feeding bottles are not always sterilized, which leads to all sorts of infectious diseases that would otherwise be prevented by breast-feeding.

The second story took place in a village in my native Senegal. A father decided to send his 6-year old son to school, while his 10-year old daughter was never to see the inside of a classroom. In the father's opinion, the appropriate education for his daughter was above all "to learn domestic tasks by her mother's side; the kind that would give her the best chance of getting a good husband."

Implacable logic; a verdict without appeal. These two stories are happening every day in developing countries: you die if you are born a girl; you live without education because you are a girl. Everything conspires to give a boy the lion's share of available resources, whether it is food, education, medical care or even just parental attention. This attitude, which happens to be deeply rooted in some African societies, turns girls into the exploited and neglected offspring in the family.

UNICEF statistics in this area are alarming. Women do 60 per cent of agricultural labour in Africa. Without the benefit of child-care or appropriate technology, they perform their labour with their daughters beside them. Women generally work twice as long as men for 10 times less pay! Did you know that in East Africa, women spend nearly 16 hours a day on such varied tasks as farming, cooking, and fetching water and firewood? And as if this wasn't enough, our unfortunate women still have to make time to look after their children, their husbands, and the rest of the family.

It is often said that the future of African children is better than that of their parents. This may be true for boys, but it is certainly not the case for girls, especially in rural areas. Because they often don't get an education, because they can seldom improve themselves, African girls do not have a better future than their mothers. In a place like Burkina Faso, female illiteracy can reach the staggering proportion of 94 per cent.

What is to be done?

With such overwhelming facts, what can be done towards a solution? I am one of those who firmly believes that nothing is possible without the participation of women in our national affairs.

And women can only participate fully if they are educated. Did you know that female literacy is in itself the most important factor for reducing infant mortality? It is a good thing to set up literacy programmes for women; it is also a good thing to integrate women in development programmes; but it is perhaps even better policy to tackle the problem at its root by making sure from the start that girls have the same opportunities that are presented to boys. There is not a single country that can afford to deprive as important a category of its population of its rights and to neglect its full stock of human resources. Educating girls is, therefore, not only a challenge for Africa, but also an opportunity that is ready for the taking.

And when I mention Africa, I am not just talking about the countries, governments and regional organizations of the continent. I'm thinking first of all about parents, about mothers, and especially about the fathers who often seal the fate of their children. Send your little girl to school: it is the greatest act of love you may ever have the chance to perform.

One year already

One year ago, the first World Summit for Children was held in New York. Today, people are wondering whether the promises made at the summit have been kept. The question is a relevant one in many ways, because that summit for children between East and West, North and South raised widespread hopes and expectations.

As we mark this first anniversary, several governments have followed the summit's recommendations, setting up programmes of action that will enable them to progress towards the goals of child survival, protection and development set by the year 2000. While it is true that this act is only one step towards implementing the decisions made in New York, it is nevertheless a big step forward because drawing up such a programme of action requires governments to consult with all the dynamic and interested forces in their nations.

The other day, I was looking for the umpteenth time at the group photograph of participants at the New York summit: there they were, 70 smiling or solemn presidents and prime ministers (the 71st, Michel Rocard of France, arrived later). That day, it had only taken a few minutes for all of them to assemble and for the photograph to immortalize the event. James Grant, UNICEF executive director, was so surprised by the rapidity of the photo session that he laughingly declared that "It would have taken me longer to get members of my own family together for a Christmas photograph!"

One year later, things have changed and those who took part in that summit have not been spared by the continuing political upheavals in the world. Today, of those 71 leaders, several are no longer in power: Ershad (Bangladesh), Syse (Norway), Thatcher (United Kingdom), Traore (Mali), Carlsson (Sweden), Bululu (Zaire), Rocard (France), Mazowiecki (Poland)... And Africa continues to throw up surprises. More African countries have taken the road to democratization in the last 12 months than during the previous 25 years.

The good news for children is that the new context for social sector policy created by the political changes since last year's summit has not weakened the commitments made in New York. While the countries of Eastern Europe strengthen their programmes for the protection and development of their children, African leaders have in turn reaffirmed — at the Abuja summit of the OAU — the commitment of their states to the pledges made in New York.

It can be said, then, that the new ethic of "First call for children" launched at the New York meeting, which means giving top priority to the lives and normal development of children, is now on the road. For children must be protected in times of peace as much as in times of war, and their protection must be the responsibility of all political parties, and of all individuals. ■

**The African Baobab is one of the world's hardiest trees, thriving in even the most arid environment. It is also the tree under which some Africans traditionally meet to decide issues of common concern.*

AFRICA WATCH

AID TO KENYA DEFERRED

Donors push political pluralism

As the latest report from the Organization for Economic Cooperation and Development (OECD) makes clear, major aid donors are increasingly determined to link economic assistance to political reforms which will, in their view, ensure democratic government (see page 16).

The seriousness of this stance was underlined at the November consultative group conference for Kenya, a favoured aid recipient, at which donors decided to defer for "about" six months any decision on new aid pledges. In a communique issued after the 25-26 November meeting in Paris, donors said that levels of aid for Kenya would depend on "clear progress" in implementing economic and social reforms.

While expressing a number of concerns over Kenya's economic performance and policies — as well as the need for "firm action" on corruption — donors also "stressed the need for early implementation of political reform to reinforce the benefits of economic structural change." "Good governance is a prerequisite for equitable economic development and would therefore be a major factor influencing aid allocations," they said.

Kenya's President Daniel arap Moi had previously made clear his reluctance to move quickly towards multi-party politics, claiming that it could divide the country along ethnic lines. However, in December, he prompted Parliament to amend the constitution in favour of registering other political parties.

The action towards Kenya indicates that donors are now prepared to move from a more general linking of aid to "good governance" — usually defined as improving the efficiency, accountability, and hence participatory nature of government — to explicit political reforms leading to multi-party politics. On 28 November, Development Ministers of the European Community agreed to link aid policy to human rights and democracy, and the United States is also adding its voice and money to supporting democratic institutions. U.S. Ambassador to the U.N. Thomas Pickering told the 28 October Africa Debt Day (see page 4). ■

Waiting for debt relief.

UNICEF CALL

'Strike off chains of Africa's debt'

In language unusual even for UNICEF's impassioned pleas for the world's disadvantaged, the organization's year-end *State of the World's Children* report asks that "the chains of Africa's debt be struck off...to allow internal reform to succeed." Chronicling the impact of debt, the report calls it "a new slavery that has shackled the continent," pointing out that debt service payments (of $25 bn annually) exceed the total amount Africa spends on health and education.

Debt relief for Africa is one of the 10 priorities the UNICEF report lists as pre-requisites for a "new world order which is struggling to be born." These priorities, aimed at ending the absolute poverty in which a quarter of humanity lives, should rank alongside the issues of preserving the peace and protecting the environment, UNICEF says.

The UNICEF report also announces a conference for the African child being organised by the Organisation of African Unity for the end of 1992. The conference will highlight the progress Africa has made in many social areas as well as the National Programmes of Action being formulated to meet the specific goals agreed at the 1990 World Summit for Children, such as halving malnutrition, reducing the impact of common diseases and providing access to basic education for every child. Africa will need to mobilize at least $1.5 bn from its own resources for these goals, but an equal amount in additional assistance from its international partners will also be needed. ■

ECA ASSESSMENT

Recovery may be taking hold

With an improvement in Africa's economic growth rate in 1991 and projections for continued modest growth in 1992, Africa "may well have entered into a phase of gradual recovery," Mr. Issa Diallo, Acting Executive Secretary of the UN Economic Commission for Africa (ECA), declared in an end-of-year assessment. This, he said, is "mainly due to the on-going reforms, but also, most hopefully, as a result of a more solid partnership between Africa and its main development partners," including the donor countries and institutions like the World Bank.

During 1991, Africa's economy grew by 3.3 per cent, representing a "slight economic recovery" after 1990, when it grew just 2.6 per cent, Mr. Diallo reported. If current trends hold, African economic growth should continue at a comparable rate in 1992, maintaining, if not slightly improving, per capita income levels, in contrast to the 1980s when they generally declined.

When the widespread moves in Africa toward more democratic systems of governance are taken into account alongside such economic trends, Mr. Diallo said, one can see "the outlines of real progress in Africa."

In 1991, as the year before, African oil-exporting countries averaged higher growth rates than oil-importers, of 4 per cent against 2.1 per cent. But even for the latter this was significantly better than their 1 per cent growth rate in 1990. ■

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